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ABSTRACT

An analysis of teenage unemployment indicates that it is very high and endangers the future of some of the young. In 1975 the unemployment rate for teenagers, ages 16-19, was 19.9%. For nonwhite teenagers, it was even higher (36.9%). Teenagers accounted for more than 20% of the total number of unemployed, but less than 19% of the total labor force. Many unemployed youths can look forward to a time when they will not be plagued by unemployment but others, especially nonwhite teenagers, cannot. The causes of this unemployment can be classified into two categories and include (1) variations in the supply and demand for labor (the recession and changes in military manpower requirements) and (2) structural factors (period during which those entering the labor market search for jobs, market regulations, and special problems of nonwhite teenagers). Several factors can be identified that contribute to the lower teenage unemployment rates in some industrialized countries. These include major use of apprenticeship arrangements, special employment services for youth, and low wages for teenagers. Policies targeted on teenagers or subgroups of teenagers are one means for reducing teenage unemployment. Such measures include public employment and training programs, increasing the demand for teenagers in the private sector, educational policies, providing teenagers with labor market information, and special measures for disadvantaged youths. (EM)

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POLICY OPTIONS FOR THE TEENAGE UNEMPLOYMENT PROBLEM

Background Paper No. 13

September 21, 1976

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CONGRESS OF THE UNITED STATES
Congressional Budget Office
Washington, D.C.

PREFACE

This paper provides an analysis of teenage unemployment. Its objectives are to (1) assess developments in teenage unemployment, (2) analyze causes and implications of high teenage unemployment, and (3) outline some possible policy options. The study was prepared for the Senate Committee on the Budget, as requested by Senator James A. McClure. In keeping with the Congressional Budget Office's mandate to provide nonpartisan analysis of policy options, it contains no recommendations.

This paper is one of two CBO documents on the subject of teenage unemployment. The other, titled The Teenage Unemployment Problem--What Are The Options? is based on a one-day conference on teenage unemployment which was sponsored by CBO on April 30, 1976.

The report was prepared by George Iden of the Congressional Budget Office's Fiscal Analysis Division, with contributions by Anita Driscoll and Toni Gibbons. The report was edited by Barry Richman of Editorial Consulting Services and Patricia H. Johnston of CBO. It was typed by Dorothy J. Kornegay.

Alice M. Rivlin
Director

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SUMMARY

Two aspects stand out about teenage unemployment: that it is very high and that it endangers the future of some of the young. In 1975 the unemployment rate for teenagers, aged 16-19, was 19.9 percent.[1] For nonwhite teenagers, it was even higher--36.9 percent. Teenagers accounted for more than 20 percent of the total number of unemployed, but less than 10 percent of the total labor force. If the age group is broadened to include those 16 to 24 years of age, youth accounted for almost half of the total unemployment, but only one-fourth of the total labor force. There is a danger that the experience of unemployment for some teenagers will impair their personal, economic, and social development. That risk, as well as the immediate economic hardship resulting from unemployment, differs widely for various groups of teenagers. Many unemployed youths can look forward to a time when they will not be plagued by unemployment; however, others, especially nonwhite teenagers, cannot.

A useful way of classifying the causes of high unemployment rates for teenagers in the United States is by (1) variations in the supply and demand for labor; and (2) structural factors. Following this scheme, the causes of high teenage unemployment include:

Variations in the Supply and Demand for Labor

- The recession;
- The proportion of teenagers in the population of labor force age;
- Labor force participation decisions;
- Changes in military manpower requirements.

Structural Factors

- The period during which those entering the labor market search for jobs;
- Higher rates of job changing by teenagers than adults;

1. In the first and second quarters of 1976, the seasonally adjusted teenage unemployment rates were 19.4 percent and 18.7 percent, respectively. For the most recent month available, August 1976, the rate increased to 19.7 percent.

- Seasonal patterns of entry into the labor force;
- Market regulations, such as the minimum wage and child labor legislation;
- Inadequate education and training for some youths;
- Special problems of nonwhite teenagers and of teenagers living in poverty areas.

The Recession. The recession of 1974-1975 accounts for approximately 5 to 6 percentage points of the current teenage unemployment rate. Because of the recession unemployment rates for white teenagers are higher than 5 or 10 years ago. While the recession has also exacerbated the unemployment rates of nonwhite teenagers during the last few years, their unemployment rates have shown an upward trend for the last 20 years.

The teenage unemployment rate responds to economic recovery and, therefore, to monetary and fiscal policies. However, by themselves, these policies could take several years to reduce the teenage unemployment rate to the 14 to 15 percent range--levels prevailing in the relatively tight labor markets of 1965 and 1973.

Rapid Growth in the Civilian Teenage Labor Force. Rapid increases in the teenage labor force have pushed teenage unemployment rates upward during the last two decades. This was due, first, to a bulge in teenage population, and, later, to increasing rates of teenage participation in the labor force. The proportion of teenagers in the population aged 16-64 increased substantially during the last two decades, but especially between 1955 and 1965. The population bulge, thus, contributed to increased teenage unemployment rates between the mid-1950s and the mid-1960s. After 1965, the teenage population growth slowed, but rising labor force participation rates among teenagers--particularly among students seeking part-time jobs--prevented growth in the teenage labor force from slackening.

The problem of teenage unemployment was exacerbated during the late 1960s and early 1970s by declining military manpower requirements. Between 1968 and 1974, the number of young men in the armed services declined by more than one million.

Labor Market Entry, Job Changing and Seasonal Factors. A substantial cause of the high unemployment rates experienced by teenagers is their status as new entrants (or reentrants) into the labor market and, to a much lesser degree, their high rates of job changing. At any given time, a larger proportion of teenage workers have recently entered the labor market compared with adults; and a large proportion of those who enter experience some unemployment as they search for an initial job. Several factors contribute to higher rates of job changing by teenagers than by adults, including the less desirable jobs held by teenagers, their lack of seniority and skills, and lack of financial responsibilities.

In 1975, approximately 65 percent of all unemployed teenagers were either entering or reentering the labor market; the percentage is even higher during periods when national unemployment is lower (as in 1973). In general, this type of unemployment is brief, except during periods of recession, and may possibly be reduced further by specific policies, such as placement services, work-study programs, career education, and greater reliance on apprenticeship methods.

The bunching of school graduations, vacations, and other recesses also contributes to high teenage unemployment. It is difficult for the market to absorb these large fluctuations in the supply of teenage labor. Policies to smooth some of these peaks in the supply of teenage labor could help ease the difficulties of finding a job.

Minimum Wage and Child Labor Laws. Public regulation of the labor market, by means such as minimum wage laws, add to teenagers' problems in finding jobs and in acquiring job experience. However, in spite of much effort, through empirical studies, there is no concensus on the quantatitive effect of the minimum wage on teenage unemployment. Current minimum wage law permits a differentially lower minimum wage for particular groups in the labor force, including full-time students who work part-time in retail and service industries. More extensive use of a differential (lower) minimum wage, for example by extending the above provision to teenagers who are not enrolled in school, could stimulate the demand for teenage labor. In periods of low unemployment, the youth differential could contribute to a reduction in inflationary pressures in the labor market. However, the policy could cause job losses by older workers, especially in periods of high unemployment.

Inadequate Education and Training. Inadequate education or a lack of basic skills is a problem for a significant minority of teenagers. Such handicaps affect the distribution of unemployment. Moreover, inadequate education and training can contribute to unemployment when job vacancies exist but unemployed workers lack the requisite skills. Increased emphasis on the education and training needs of noncollege-bound teenagers might help to reduce the proportion of youths with minimal saleable skills. Policies for addressing these problems include increased stress on basic and remedial education (including continuing education), work-study arrangements, and subsidized on-the-job training.

Nonwhite Teenagers. The unemployment rates for nonwhite teenagers have been on an upward trend for the past two decades. Although the economy has been in recovery for approximately one year, in May 1976 the unemployment rate for nonwhite teenagers was above the level in May 1975 (38.5 percent compared to 37.3 percent). In contrast, after discounting cyclical factors, the unemployment rates for white teenagers have not shown an upward trend since the mid-1960s; and, during the recent recovery, the unemployment rate of white teenagers fell from 18.3 percent in May 1975 to 16.3 percent in May 1976. Moreover, the labor force participation rate of nonwhite teenagers is more than 15 percentage points below the participation rate for white teenagers.

Among the reasons for the very high unemployment rates for nonwhite teenagers are:

- Geographic concentration of nonwhite teenagers in the central city;
- Rapid increase in the number of nonwhite teenagers--an increase that will continue while the population growth of white teenagers diminishes;
- Reduced willingness to take low-status jobs;
- Low quality of the education available, high absenteeism, and high dropout rates;
- Racial discrimination in the labor market.

All these difficulties are exacerbated by the concentration of nonwhite youth in poverty areas of the largest cities in the U.S., where there is a confluence of negative forces at work, including depressed labor markets and high crime rates.

Because these factors are interdependent, a concerted effort on several fronts may be required to have significant long-term effects on nonwhite teenage unemployment rates. A coordinated set of policies might include:

- The provision of skill-training and education entitlements for low-income youth.
- An expanded employment and training program targeted on low-income areas and teenagers from low-income families.
- Aggressive enforcement of nondiscrimination statutes in the labor and housing markets.

The Diverse Characteristics of Unemployed Teenagers. Unemployed teenagers are a diverse group. Several relatively distinct groups of unemployed teenagers can be identified, based on age, school status, family income, and duration of unemployment. For example, in 1975, about 60 percent of the unemployed youngsters aged 16-17 were seeking part-time jobs; the principal activity of most of these teenagers was going to school. But about 77 percent of the group aged 18-19 were seeking full-time jobs.

For many youths, unemployment is a fairly temporary and minor problem associated with finding a summer job, an after-school job, or the first full-time job. But for many others it can represent a serious loss of income or a serious waste of human potential. The share of total family income accounted for by teenagers is higher in low-income families than high-income families. As a group, more of the out-of-school unemployed youths come from low-income families, compared to the group that is in school and seeking part-time jobs. Even among this latter group, however, earnings are important. For many youths and their families, earnings from part-time jobs are critical in making ends meet.

For some teenagers, a prolonged period of unemployment or a prolonged period of intermittent unemployment can result in lost or postponed opportunities to develop skills and work habits--and this may have lifetime implications. Unfortunately, not much is specifically known about the cumulative effects of cyclical unemployment on the later employment experience of individuals.

Foreign Experience. Teenage unemployment rates in other industrial countries have also been affected by the recession of 1974-75, although teenage unemployment rates in those countries generally remain considerably below those in the United States. Public employment, wage and training subsidies, and subsidized extension of schooling have been among the policies used in other industrial countries to combat the impact of recession on the unemployment of young workers.

Over a longer period of time, some industrialized countries have managed to keep teenage unemployment rates relatively low compared with those in the United States. Although it is difficult to single out any one reason as being more important than others, several factors which contribute to low teenage unemployment in some countries can be identified:

- Low unemployment rates in these countries generally;
- Major use of apprenticeship arrangements;
- A low proportion of teenagers in the population of labor force age;
- Special employment services for youth, both before and after leaving school;
- Low wages for teenagers, differentially lower minimum wages, or no minimum wage statute;
- Low rates of participation in the labor market by students;
- Less emphasis on upward mobility.

Policy Issues and Options. One way to reduce teenage unemployment rates from their current high levels is by means of aggregate (monetary and fiscal) policies. However, this approach takes time, and it can add to inflationary pressures in the economy.

Another way is by means of policies which are specifically targeted on teenagers, or on particular subgroups of teenagers, such as the disadvantaged or long-term unemployed. Targeted measures that might be used to combat teenage unemployment include:

- Public employment and training programs;
- Increasing the demand for teenagers in the private sector (for example by partial exemption to payroll taxes, wage tax credits or wage subsidies, more extensive use of a differential minimum wage for teenagers);
- Educational policies;
- Providing teenagers with information about the labor market; and
- Special measures for disadvantaged youths (such as anti-discrimination policies).

The United States has had experience with a variety of youth employment-training programs in the public sector. These programs vary widely in cost per enrollee or per person-year, depending on such factors as the extent of training, the amount of supervision and materials used, and the wage rate or stipend paid. Public employment-training policies can be instituted relatively quickly and can be targeted on particular groups, such as teenagers who have been unemployed for longer than 15 weeks or teenagers from low-income families. However, there are substantial problems of design and implementation, particularly in large-scale efforts. For one thing, it is not easy to devise effective, high-priority projects that will not compete with the private sector or the established public sector.

Policies for increasing the demand for teenagers in the private sector involve providing employers with special incentives for hiring teenagers. Advantages of this approach include the fact that it works through the private sector and the market system can assist in organizing the activities. Also minimal government bureaucracy may be required. Moreover, this approach could be anti-inflationary, by lowering employers' costs. However, since the special incentives would apply only to the employment of teenagers, some older workers could lose their jobs or find jobs more difficult to get. These problems would be more serious when labor markets are loose than when they are tight.

Educational policies might affect teenage unemployment in at least two ways: Policies which increase the enrollment of teenagers in education and training institutions could have the short-run effect of reducing the supply of teenage labor. In addition such policies, together with

those that strengthen the basic skills of teenagers, could have the longer-term effect of increasing the productivity of youths. There are some risks to this approach, too, since it is difficult to ensure that educational programs will be effective.

Providing teenagers with information about the job market could involve a range of policies extending from career education, counseling, and work-study arrangements through job placement services. To be successful, these policies require cooperation among schools, employers, and employees. Special arrangements, such as education-work councils at the community level, might facilitate this cooperation.

The policies outlined above could be focused on disadvantaged teenagers. Additional policies, such as mobility assistance and enforcement of nondiscrimination statues in the area of employment and housing, might also help combat their unemployment problems.

CHAPTER I

THE TEENAGE UNEMPLOYMENT PROBLEM

Recent teenage unemployment rates are high compared to historical rates in the United States, and relatively high compared to teenage unemployment in most other industrialized countries. Much of this unemployment is associated with the recession and with the entry and reentry of teenagers into the labor market. Teenagers with the most severe unemployment problems include nonwhites, high school dropouts, those who have recently left school to seek their first permanent jobs, and those who have been unemployed for a relatively long period of time.

During 1975, an average of 1.75 million teenagers, aged 16-19, were unemployed in the United States. They represented nearly 20 percent of the civilian teenage labor force of 8.8 million persons. The number of teenagers who were unemployed for 15 weeks or longer averaged approximately 318,864 in 1975.

The Measurement of Teenage Unemployment

To be included in the official definition of "unemployed" a person must be at least 16 years of age, without a job, and available for and looking for work. A person who works, however briefly, for pay during the survey week is considered "employed." The "unemployment rate" is calculated as the number unemployed as a percent of the total labor force (the number of employed plus the number of unemployed).

Thus the definition of unemployment is somewhat arbitrary and it does not convey much information about each person's work situation. For example, a person looking for a full-time job would not be counted as unemployed if he or she had a part-time job of only one hour per week. In the overall unemployment figures, a person seeking only a few hours of work per week because of school or home responsibilities would be counted as "unemployed," the same as someone who was seeking a regular 40 hour-per-week job. Moreover, persons who are interested in work but have stopped looking

because they believe none is available are not counted as being in the labor force and therefore are not numbered among the "unemployed."

Because teenagers enter and leave the labor market more frequently than adults, and because they are typically not the main earners in the family unit, it is especially difficult to measure teenage unemployment. There is some evidence that regularly reported estimates may overstate the unemployment rate for out-of-school youth and understate the unemployment rate for youth in school.[1] Compared to the Current Population Survey (CPS), upon which unemployment rates are based, a National Longitudinal Survey (NLS) indicated higher unemployment rates for youth in school and lower rates for youth out of school. One explanation for these discrepancies is that in the case of the CPS one member of the household, usually the wife or mother, responds for each member of the household, and that respondent may not be well informed on the activities of each household member. In the NLS, the teenagers themselves were surveyed. A comparison of the unemployment estimates from the CPS and the NLS are available for the fall of 1966. The CPS results reported below are for October and the NLS results pertain to October through December of 1966.

	NLS	CPS
	(in percentage points)	
Males in School		
Age 16-17	17.4	9.2
Age 18-19	14.8	8.1
Males Not in School		
Age 16-17	10.2	19.4
Age 18-19	5.2	8.4
Total Males		
Age 16-17	15.7	11.0
Age 18-19	9.3	8.3
Age 16-19	11.7	9.5

1. U.S. Department of Labor, Career Thresholds, Vol. 1 (1970), p. 234; and additional results from the NLS provided by Professor Herbert Parnes, Ohio State University, May 4, 1976. (The NLS is supported by the Department of Labor and directed by Professor Parnes of the Center for Human Resource Research of The Ohio State University. Sampling design, field work, and initial stages of data processing are the responsibilities of the Bureau of the Census.)

In view of the importance of having accurate information on teenage unemployment, additional research on these discrepancies would be useful, particularly if it focused on a more recent period.

Historical Perspective on Teenage Unemployment

In this country, and in most other market economies, the unemployment rates for teenagers are substantially higher than they are for adult workers. As shown in Table 1, the rate of teenage unemployment in the United States during the last 25 years has ranged from 5 percentage points higher than the adult rate in 1953 to 12.6 percentage points higher in 1975. The ratio of the teenage unemployment rate to the adult rate has varied from 2.5 in 1950 to 4.7 in 1968. Teenage unemployment rates have been substantially higher during the 1960s and 1970s than the 1950s.

Since the business cycle has a major effect on the level of teenage unemployment, an attempt is made to hold constant the effects of the business cycle in Table 2 by focusing on years when the overall unemployment rate was approximately the same, reflecting similar general labor market conditions. Youth unemployment rates may be compared by age, sex, and race for 1955, 1965, and 1973. The comparisons indicate that unemployment rates for teenagers were higher in 1965 than in 1955. The unemployment rates for white teenagers in 1965 and 1973 were about the same. However, the unemployment rates for nonwhite teenagers were substantially higher in 1973 than in 1965.

Statistical analysis indicates that, after standardizing for general labor market conditions, teenage unemployment rates increased over time between 1954 and 1965. However, between 1965 and 1975, while the unemployment rate for nonwhite teenagers continued to increase, the rate for white teenagers did not.[2]

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2. The statistical technique was linear regression analysis, annual data was used, and the teenage unemployment rates were related to the unemployment rate for adult males and a time variable for the period 1954-1975. The coefficient for the time variable was significant for the full period 1954-75. But when the period was divided into two intervals of approximately equal length--1954-65 and 1965-75--the time variable was statistically significant in the first period in the equations for all teenagers and was also significant by race. For the second period, the coefficient for the time variable was significant only for nonwhite teenagers.

TABLE 1

UNEMPLOYMENT RATES FOR TEENAGERS
COMPARED WITH NON-TEENAGE UNEMPLOYMENT RATES
IN THE UNITED STATES, 1950-1975

Year	(1) Age 16-19	(2) Age 20+	(1)-(2) Difference	(1)÷(2) Ratio
1950	12.2	4.8	7.4	2.5
1951	8.2	3.0	5.2	2.7
1952	8.5	2.7	5.8	3.1
1953	7.6	2.6	5.0	2.9
1954	12.6	5.1	7.5	2.5
1955	11.0	3.9	7.1	2.8
1956	11.1	3.7	7.4	3.0
1957	11.6	3.8	7.8	3.1
1958	15.9	6.2	9.7	2.6
1959	14.6	4.8	9.8	3.0
1960	14.7	4.8	9.9	3.1
1961	16.8	5.9	10.9	2.8
1962	14.7	4.9	9.8	3.0
1963	17.2	4.8	12.4	3.6
1964	16.2	4.3	11.9	3.8
1965	14.8	3.6	11.2	4.1
1966	12.8	2.9	9.9	4.4
1967	12.9	3.0	9.9	4.3
1968	12.7	2.7	10.0	4.7
1969	12.2	2.7	9.5	4.5
1970	15.2	4.0	11.2	3.8
1971	16.9	4.9	12.0	3.4
1972	16.2	4.5	11.7	3.6
1973	14.5	3.8	10.7	3.8
1974	16.0	4.5	11.5	3.6
1975	19.9	7.3	12.6	2.7

SOURCE: Columns (1) and (2), Bureau of Labor Statistics, from the data base of Data Resources, Inc. (DRI).

TABLE 2

YOUTH UNEMPLOYMENT RATES COMPARED DURING THREE PERIODS OF SIMILAR LABOR MARKET CONDITIONS: 1955, 1965, and 1973

	1955	1965	1973
Total Civilian Labor Force	4.4	4.5	4.9
Teenagers, 16-19	11.0	14.8	14.5
White	10.3	13.4	12.6
Nonwhite	15.8	26.2	30.2
Nonwhite males			
Age 16-17	14.8	27.1	34.4
Age 18-19	12.9	20.2	22.1
Age 20-24	12.4	9.3	12.6
Nonwhite females			
Age 16-17	15.4	37.8	36.5
Age 18-19	21.4	27.8	33.3
Age 20-24	13.0	13.7	17.6
White males			
Age 16-17	12.2	14.7	15.1
Age 18-19	10.4	11.4	10.0
Age 20-24	7.0	5.9	6.5
White females			
Age 16-17	11.6	15.0	15.7
Age 18-19	7.7	13.4	10.9
Age 20-24	5.1	6.3	7.0

SOURCE: Manpower Report of the President, 1975 (Washington: Government Printing Office, 1975).

Further statistical analysis was used to determine how unemployment rates for teenagers varied with overall labor market conditions, during the period 1954 to 1975. The measure of overall labor market conditions used was the unemployment rate for adult males (aged 20 and older). A change of one percentage point in the unemployment rate for adult males was associated with a change of approximately 1.6 percentage points in the unemployment rate for teenagers. The unemployment rate for nonwhite teenagers was more volatile than the unemployment rate for white teenagers. It changed by approximately 2.3 percentage points for each one percentage point in the rate for adult males.[3]

Characteristics of Teenage Unemployment

Unemployed teenagers are more apt to seek part-time employment and are more apt to be financially dependent on other family members than unemployed adults. They are also more likely to be new entrants to the labor market, and the duration of their unemployment is likely to be shorter than it is for older unemployed workers.

Unemployed teenagers form a highly diverse group, and several subgroups are of interest. Teenagers aged 16 to 17 are typically occupied quite differently from teenagers aged 18 to 19. Going to school is the primary activity of the younger group, while job hunting or working is the primary activity of the older group. The statistics for October 1975 (latest information at the time of writing), illustrate this difference: 73 percent of the unemployed youngsters aged 16 to 17 were enrolled in school; but only 27 percent of the unemployed 18 to 19 year olds were in school. In 1975, only about 39 percent of the younger (16 to 17) unemployed teenagers were seeking full-time jobs, while more than 75 percent of those aged 18 to 19 were seeking full-time jobs (see Table 3). The unemployment rate in 1975 for teenagers in the labor force full time was above the rate for those in the part-time labor force, 21.7 percent and 17.7 percent, respectively.

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3. The quantitative estimates cited in this paragraph are based on a regression analysis of annual data, with teenage unemployment rate as the dependent variable. The explanatory variables used were the unemployment rate for adult males (aged 20 and older) and the teenage population as a percent of the population aged 16-64.

TABLE 3

UNEMPLOYMENT BY AGE AND PERCENT SEEKING FULL-TIME WORK 1975 AND MARCH 1976

Age	Unemployment Rate		Percent Seeking Full-Time Work	
	1975	March 1976[1]	1975	March 1976[2]
16-19	19.9	19.1	60	53
16-17	21.4	20.0	39	26
18-19	18.9	18.6	77	73
20-24	13.6	12.1	88	88
25+	6.0	5.1	89	89
TOTAL	8.5	7.5	82	81

SOURCE: Bureau of Labor Statistics, Employment and Earnings (January 1976) and "The Employment Situation," (March 1976).

1. Seasonally adjusted.
2. Not seasonally adjusted.

As indicated in Table 3, youth unemployment rates decline with age. The unemployment rates in Table 3 pertain to a period of very high national unemployment. During periods of relatively low overall unemployment (for example, 1973) the decline in unemployment rates with age is steeper than during recessionary periods.

As noted above the definition of "unemployed" is somewhat arbitrary. There are, however, measures that can supplement the figures on unemployment.[4] As a benchmark, the average number of unemployed teenagers in the United States during 1975 was 1.75 million. The number of teenagers who were employed part time, because they couldn't find a full-time job, averaged 680,000. In addition, there was an average of 137,000 teenagers who might be classified as "discouraged workers." These teenagers reported in the regular monthly survey on employment status that they wanted a job but were not actually seeking work (and hence were not classified as unemployed) because they believed that no jobs were available. Thus, the number of teenagers who were involuntarily employed only part time plus the number who were discouraged from entering the labor market was equal to almost half the number classified as unemployed.

Not surprisingly, much teenage unemployment is associated with entry and reentry into the labor market. In 1975, about two-thirds of the unemployed teenagers were entering or reentering the labor market rather than having recently quit or been fired from a previous job. This proportion is substantially different from the one-third of all unemployed workers (all ages) who were entering or reentering the labor market. In the lower half of Table 4, the unemployment status of different categories of workers is expressed as a percentage of the labor force. The largest differences by category among teenagers and all workers occurred in the reentrant and new entrant unemployment rates.

Teenage unemployment tends to last a shorter time than it does for all unemployed workers taken as a group. In 1975, 48 percent of all unemployed teenagers were unemployed for less than five weeks compared to 37 percent for the total unemployed. A comparison of long-term unemployment

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4. The source of the data in this paragraph is U.S. Bureau of Labor Statistics, Employment and Earnings (January 1976).

TABLE 4

REASON FOR UNEMPLOYMENT
TEENAGERS AND ALL WORKERS
1975

	Teenagers Age 16-19	Total Unemployed All Ages
Percent of Total Unemployed		
Job losers	25.6	55.4
Job leavers	8.7	10.4
Reentrants	29.9	23.8
New Entrants	35.8	10.4
Unemployment Rate	19.9	8.5
Job loser rate[a]	5.3	4.7
Job leaver rate[a]	1.7	0.9
Reentrant rate[a]	6.0	2.0
New entrant rate[a]	7.1	0.9

SOURCE: Bureau of Labor Statistics, Employment and Earnings (January 1976).

a. Unemployment rates are calculated as a percent of the civilian labor force.

figures shows that 18 percent of the unemployed teenagers and 32 percent of the unemployed labor force as a whole were out of work for 15 weeks or longer.[5]

The reasons for the shorter period of unemployment among teenagers include the following: The proportion of unemployed individuals who are new entrants or reentrants to the labor market is larger for teenagers than for all workers and the duration of unemployment is shorter for entrants than workers who have lost their last job. In addition, if teenagers are unable to find a job, they are more apt to drop out of the labor market than adults.

The statistics most frequently cited (based on the CPS monthly household survey) on the employment of teenagers pertain to the situation for a particular month, or for an average during the course of a year. However, once a year the Labor Department collects information on activities with respect to the labor market for the previous year. Compared with the monthly survey, the Work Experience Survey indicates that a substantially larger number of teenagers participates in the labor market at some period during the year, and a substantially larger percentage of those who do enter the labor force experiences at least some unemployment. For example, according to the CPS yearly survey in 1974, 11.3 million teenagers were in the civilian labor market at some time during the year and of these 30.3 percent experienced some unemployment. By comparison, according to the CPS monthly survey, the average number of teenagers in the civilian labor force during 1974 was 8.8 million and the average unemployment rate was 16.0 percent.[6]

Unemployment rates are especially high for nonwhite teenagers, high school dropouts, and those who have recently left school to enter the labor force. Table 5 illustrates the different unemployment rates for these groups in October 1975. By education, the unemployment rates range from 25 percent for high-school dropouts to 8 percent for the college graduates. The group that consists of youths in all three of the above categories--nonwhites who dropped out of high school in 1974 or 1975--has the highest unemployment rate of all, 61.4 percent.

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5. Ibid., p. 142.

6. U.S. Bureau of Labor Statistics, Work Experience of the Population in 1974 (June 1975), Table 6, and Employment and Earnings (January 1975).

TABLE 5

LABOR FORCE STATUS OF YOUTH
BY EDUCATION, SCHOOL ENROLLMENT,
AND RACE, OCTOBER 1975

	Number in Civilian Labor Force (thousands)	Labor Force Participation (percent)	Unemployment Rate (percent)
Enrolled in School			
Age 16-19	4,551	40.8	17.1
Age 20-24	2,179	52.9	10.7
Not Enrolled In School			
H.S. Dropouts	2,969	61.5	25.3
Age 16-19	1,230	61.5	29.9
Age 20-24	1,740	61.7	22.0
H.S. Graduates	8,379	80.8	13.6
College, 1-3 years	2,465	86.5	10.5
College Graduates	1,290	94.0	8.3
1974-75 Dropouts	455	62.6	34.1
Whites	369	63.7	27.9
Nonwhites	88	58.3	61.4
1975 High School Grads. Not Enrolled in School	1,276	81.2	19.9
Whites	1,136	82.6	17.1
Nonwhites	138	70.8	42.8

SOURCE: U.S. Department of Labor, Employment of School-Age Youth (October 1975).

Unemployment rates suggest only some of the effects of differences in opportunities facing different groups of youths. Labor force participation rates increase with increased education and are lower for nonwhites than for whites. There has been a long-term decline in the labor force participation rates for nonwhite teenagers. In 1950, the rate was about the same for nonwhites and whites. But by 1974, the labor force participation rate for blacks was 41.5 percent, compared to 57.7 percent for whites.[7]

The Implications of Teenage Unemployment

There is a risk that the experience of unemployment may impair the personal, economic, and social development of teenagers. The inability to get a job can block a young person from gaining valuable work experience with potentially long-term effects. In addition, the loss of income associated with unemployment can prevent young people from continuing their educations. The frustrations from not being able to get a job, or a job with some career prospects, can cause a loss of enthusiasm and confidence which may be difficult, if not impossible, to regain.

There are potential career implications for young people in a prolonged period of high national unemployment. Jobs not only provide current income but they also provide opportunities to gain experience which can be highly valuable in future years.[8] In the area of apprenticeship or education, individuals may miss out entirely on a promising career because they happened to reach a critical stage in in their lives at a time when the economy is in recession. For example, apprenticeship programs are often limited to those under a certain age, such as 25 years old. An individual who is now 24 and interested in an apprenticeship may not get it because of the effects of the recession.

7. U.S. Department of Labor, Manpower Report of the President, 1975, as cited by Bernard E. Anderson, "The Labor Market Experiences of Youth," (unpublished paper, prepared for the Universial Youth Services Conference, Hyde Park, New York, April 1976).

8. For analyses of the effects of work experience on lifetime careers, see Sherwin Rosen, "Learning and Experience in the Labor Market," Journal of Human Resources, VIII, No. 3 (Summer 1972), pp. 326-342; and also Howard Birnbaum, "Career Origins, On-the-Job Training, and Earnings" (unpublished paper, prepared under a grant from the Manpower Administration, U.S. Department of Labor, April 1975).

Eventually, when the economy sufficiently recovers, the jobs with promising careers will be filled, but that may be too late for particular individuals. Unfortunately, not much specific information is available about the cumulative effects of prolonged high national unemployment on the later experiences of the young in the labor market.

The risk of long-term damage as well as the severity of current financial hardship caused by unemployment varies widely among unemployed teenagers. The consequences of unemployment may be less severe if the teenager is a member of a family with adequate resources (financial and other). The consequences may be less severe if the young person who is unemployed realizes that his or her situation is a temporary and passing condition. However, for some unemployed teenagers, particularly those from minority groups, unemployment may be a frequent condition throughout their adult lives.

One of the indicators of hardship that is associated with teenage unemployment is the income of the family; another is the duration of unemployment. A relatively high percentage of unemployed and out-of-school teenagers comes from families with low incomes. According to the Census Bureau's definition of "low income" in 1973, 9 percent of the in-school group came from low-income families; but more than 25 percent of the out-of-school group was classified as low income. In the case of nonwhite youth, almost half of those unemployed and out-of-school came from low-income families.[9]

In the United States, most unemployed teenagers are still part of the primary family unit. For example, in 1975, only 4 percent of the unemployed teenage males were classified as "household heads." For this relatively small group, the unemployment rate was substantially lower than for the much larger group of teenage males who were classified as "relative of head," 13 percent compared to 21 percent.[10] The lower unemployment rate among male teenagers

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9. Bureau of the Census, Characteristics of the Low-Income Population: 1973, Series P-60, No. 98 (1975), p. 70. In that year, "low income" or "poverty" meant that a nonfarm family of four persons had an income below $4,540 per year.

10. Bureau of Labor Statistics, unpublished data, based on the regular monthly household survey.

who are household heads is sometimes interpreted as implying that unemployment among teenagers has a substantial voluntary aspect. This relationship should, however, be interpreted with caution. For example, household heads are more apt to have been in the labor market for some time and are less likely either to be in school or to have been recently been in school than teenagers generally. In addition, the household heads are more apt to be older and unemployment rates vary inversely with age among youth.

Although the duration of unemployment tends to be shorter for teenagers than for adults, an average of approximately 319,000 teenagers in 1975 were unemployed for 15 weeks or longer. By March 1976, that figure increased to more than 400,000. Thus, in a period such as the past 18 months in which the overall unemployment rate is high, the duration of unemployment for many teenagers is long. For the teenagers who experience frequent or long periods of unemployment, unemployment may become a way of life and the future may seem bleak. All of this might be said of workers of any age who experience serious unemployment problems. The attribute of youth that may be of special relevance is that it is an impressionable, critical period when the amount and type of education, training, and work experience can have lifetime implications.

Serious unemployment as experienced by some groups of teenagers is a persistent problem in the economy. However, during an extended period of high cyclical unemployment an even larger number of young people share the unemployment experience of the groups who have the persistent problems; and a larger proportion of young people may develop the characteristics of workers in what is sometimes called the "secondary labor market."[11] These characteristics include unstable work patterns, unstable family relationships, and relatively high crime rates.

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11. For purposes of this paper, the "secondary labor market" refers to the relatively unstructured and low-wage parts of the labor market. Jobs in the secondary labor market typically require little preparation and offer little prospect for advancement. Workers in the secondary labor market are relatively unskilled and change jobs frequently, both because of high rates of quitting and high rates of being laid off.

CHAPTER II

VARIATIONS IN LABOR SUPPLY AND DEMAND

Growth in the Teenage Labor Force and Employment

Changes in the unemployment rate can be broken down into changes in the labor force and changes in employment. When the teenage labor force increases more rapidly than teenage employment, the teenage unemployment rate increases, and conversely. In turn, changes in the labor force result from changes in population and from changes in labor force participation rates.

From 1955 to 1974, the teenage labor force increased by 115 percent--that is, it more than doubled. However, the sources of this growth were very different in the first and second halves of this period. In the first half (1955 to 1965), growth in population more than accounted for the increase in the teenage labor force, since teenage civilian force participation rates fell by approximately 2 percentage points. In the second half (1965 to 1974), increasing labor force participation rates and population increases were of approximately equal importance in accounting for the increase in the teenage labor force.

The Teenage Population Bulge

The teenage population aged 16-19 grew from 8.8 million in 1955 to 16.4 million in 1974, almost doubling in size. However, the rate of growth in teenage population from 1955 to 1965 was double the rate from 1965 to 1974, approximately 5.2 percent per year, and 2.5 percent, respectively. The rapid growth in the teenage population from 1955 to 1965 was, of course, the result of the World War II baby boom which followed the exceptionally low birth rates of the Great Depression. Expressed as a percent of the total population of labor force age, 16-64, the population aged 16-19 increased from 9.0 percent in 1955 to 12.1 percent in 1965, and to 12.7 percent in 1974 (see Table 6).

(15)

TABLE 6

GROWTH IN TEENAGE POPULATION AND EMPLOYMENT TO POPULATION RATIO: 1955, 1965, and 1974

	Population Age 16-19 (millions)	Teenage Population to Population 16-64 (percent)	Teenage Employment to Teenage Population (percent)
1955	8.8	9.0	41.3
1965	13.4	12.1	37.6
1974	16.4	12.7	45.1

SOURCE: Census Bureau and Bureau of Labor Statistics, from Data Resources, Inc., data bank.

Note: Population data pertain to the noninstitutional population.

The growth wave in the size of the teenage group has crested. The percent of teenagers, relative to the population aged 16-64, reached a peak around 1974 at 12.7 percent; this is projected to shrink slowly to about 11.4 percent in 1980 and 9.5 percent in 1985. Based on the estimated statistical relationships between 1954 and 1975, the increase in the relative size of the teenage group may have added as much as 3.9 percentage points to the teenage unemployment rate in 1975 compared to 1954. The decline in the proportion of teenagers may contribute to lowering the teenage unemployment rate by as much as 1.3 percentage points between 1975 and 1980 and by another 2.0 percentage points by 1985.[1]

1. These estimates are based on statistical regression analysis, using annual data for the period 1954 to 1975. The dependent variable used was the teenage unemployment rate, and the explanatory variables were the unemployment rate for adult males (aged 20 and older), and the proportion of teenagers in the working age population.

Racial differences in these demographic trends are important, however. From 1955 to 1965, the white and nonwhite teenage populations increased by approximately the same percentages--55 percent and 50 percent, respectively. During the nine-year period, 1965 to 1974, the number of nonwhite teenagers increased 42 percent while there was a 21 percent increase for whites. Between 1975 and 1980, the number of white teenagers is expected to remain approximately unchanged, while the number of nonwhite teenagers is expected to increase another 10 percent.

Changes in Labor Force Participation Rates

Teenagers' labor force participation rates have increased dramatically since 1965. Before 1965, they had declined slowly over the years as school enrollment rates increased. Specifically, labor force participation rates for the noninstitutional population, age 16-19, fell from 46 percent in 1955 to 44 percent in 1965; and then they began increasing, reaching approximately 54 percent in 1974. The declining phase is not as difficult to explain as the increasing phase. Until approximately 1970, there had been an upward trend in school enrollment rates, and teenagers in school participate in the labor market less than those who are not.

To understand the labor force participation rates for teenagers, it is useful to consider trends by sex, and race, and by school enrollment status. Teenage male participation rates over the last 19 years have had a "u" shape, while rates for females were level until 1965 and then began rising. Labor force participation rates for nonwhite male teenagers fell dramatically between 1955 and 1970, but were approximately unchanged between 1970 and 1974. In 1955, the rates for white and nonwhite teenagers were approximately the same. However, by 1970, the rate for nonwhite males had fallen from 48 percent in 1955 to 35 percent in 1970 for those aged 16-17, and from 76 percent to 62 percent for those aged 18-19. After declining moderately from 1955 to 1965, participation rates of white male teenagers by 1974 were roughly the the same as in 1955. The substantial declining trend in labor force participation rates of young nonwhite males may be the consequence of rising school enrollment and a deteriorating labor market.

There has been a marked trend toward more widespread participation in the labor market by teenagers enrolled in

school, especially since approximately 1965. This trend encompasses students aged 16-17, students aged 18-19 and both sexes.

While it is possible to speculate on the causes of increasing labor force participation rates among students, not much is known about the actual causes or about whether the trend can be expected to continue at the same rapid rate. Possible explanations for the increases in student participation in the labor market may include the following:

- As school enrollment rates have increased, a larger proportion of students have come from lower- and lower-middle income families. Students from lower-income families may participate in the labor market to a greater degree than students from more affluent families. In addition, the costs of higher education have increased rapidly over the years.

- There may be a trend within the schools to emphasize practical work experience. To some degree, this emphasis may be a result of higher school completion rates. When having a degree is increasingly common, work experience may be a means of gaining an edge in the job market.

- The earnings premium in the job market for an academic education began falling in the late 1960s. This may have caused students to reallocate their time and efforts away from academic pursuits.

- The practice of students working may be part of the process of declining academic standards. Academic standards may be declining, in part, because students are spending more time working; and students may be working more in the job market, in part, because it may take less effort to complete educational programs.

- The rising participation rates of students could be a consumption phenomenon. It may be that the income requirements for participation in the "youth culture" (for cars, clothes, and entertainment) may have increased

more rapidly than real family incomes and that teenagers have had to earn the extra money themselves.

- Average real wage rates have been relatively stagnant since about 1968. Average real family incomes have continued to rise slowly over most of the period from 1968, but this has been due, in part, to increased participation rates for secondary earners.

- Increased participation rates in the labor market may reflect an increased desire for independence, including financial independence.

- Rising labor force participation rates for teenage girls in school may be associated with the general trend for women to participate more in the labor market. While that trend had been going on for many years, it began accelerating around 1965.

- Special factors affecting young women's participation in the labor market include later marriages and having fewer children.

Growth in Teenage Employment

When there are marked increases in the size of a particular group in the labor force, the labor market tends to adjust, but often not enough to prevent rising unemployment rates for that group. Although teenage employment as a share of total employment increased between 1955 and 1965, it did not rise enough to prevent the rising trend in teenage unemployment rates. However, from 1965 to 1973, the teenage share of employment increased more rapidly, counterbalancing growth in the teenage labor force during this period.

Although the number of jobs held by teenagers has increased rapidly since 1960, an increasing proportion of them are part-time jobs. One of the factors accounting for the rapid growth in teenage employment has been the rapid growth in employment in the retail trade and service industries--sectors that employ large numbers of teenagers, often part-time.

There have been important racial differences in the trends in teenage population and employment. While the white and nonwhite teenage populations increased by roughly the same percentage between 1955 and 1965, the civilian employment of white teenagers rose 41 percent compared to 13.9 percent for nonwhites. During the later period, 1965 to 1973, nonwhite teenage population increased much more rapidly than the white teenage population (41 percent compared to 19 percent). But gains in employment for nonwhite teenagers were still less than for white teenagers--33 percent compared to 45 percent.

The teenage employment to population ratio is sometimes used, in addition to the teenage unemployment rate, to gauge the status of teenagers in the labor market. As indicated in Table 6, this ratio fell between 1955 and 1965; but increased between 1965 and 1974. For the period 1955 to 1974, the white teenage employment to population ratio increased from 44 percent to 49 percent, while in the case of nonwhite teenagers the ratio declined from 39 percent in 1955 to 28 percent in 1974.

Military Manpower Requirements

The buildup in military manpower during the 1960s caused the teenage unemployment rate to be somewhat lower than would otherwise have been the case. However, after the Vietnam War, developments in military manpower compounded the adjustment problems in the labor market resulting from demographic changes. From June 30, 1968 to June 30, 1974, the number of males in the armed forces fell by 1.4 million; the number of males aged 16-24 in the military fell by 1.1 million. While some of the returning veterans were interested in full-time education or training, most were interested in jobs. This source of additional workers needing jobs added to the unemployment problems both for teenagers aged 16-19 and for older youths aged 20-24. Moreover, the ending of the draft removed one of the influences that had encouraged many young men to stay in school.

The Impact of the Recession and the Recovery

Cyclical downturns typically have a more pronounced impact on the employment of teenagers than on most other groups of workers. Moreover, teenage unemployment rates are slow to recede during periods of recovery. Employed teenagers may be the first to be fired because they lack seniority. On the other hand, when employers are cutting

back on hiring, teenagers who are first seeking permanent jobs may find themselves competing for scarce jobs with more experienced workers. Teenage unemployment rates are slow to recede during recoveries because labor force participation rates, which tend to be reduced by recessions, increase as job prospects brighten, and because experienced workers have an advantage in gaining employment.

As indicated in Table 7, teenage employment fell by 5.4 percent between the cyclical peak reached in the fourth quarter of 1973 and the trough reached in the first quarter of 1975. White teenage employment fell by 4.6 percent and nonwhite teenage unemployment fell by 12.9 percent. Total employment (workers of all ages) fell by 1.3 percent during the period. During the first four quarters of the current recovery (the first quarter of 1975 to the first quarter of 1976), teenage employment increased by 1.5 percent and total employment increased somewhat more rapidly by 2.4 percent. Between the fifth and the sixth quarters of the recovery (the first to second quarters of 1976), teenage employment increased more rapidly than overall employment (2.5 percent and 1.3 percent, respectively).

From the peak of the previous business expansion to the trough in the first quarter of 1975, the teenage unemployment rate increased more than the adult unemployment rate. However, the proportionate increase in unemployment was lower for teenagers than for adults because of the high base of unemployment for teenagers. During the first year of the recovery (from the first quarter of 1975 to the first quarter of 1976), the unemployment rate for teenagers declined by approximately half of one percentage point, which was slightly less than the decline for adults (see Table 8). Between the fifth and the sixth quarter of the recovery (first to second quarters of 1976), the teenage unemployment rate declined more than the overall unemployment rate (0.7 versus 0.2 percentage points). The decline in teenage unemployment rates during the first half of 1976 was concentrated in the older group (aged 18-19). More recently, on a month-to-month basis, the teenage unemployment rate declined from 18.4 percent in June 1976, to 18.1 percent in July, but then increased substantially to 19.7 percent in August.

It is especially difficult to interpret monthly or even quarterly changes in the employment status of teenagers. For one thing, it is difficult to adjust for seasonal factors, and the preliminary monthly data are sometimes revised significantly at the end of the year. For another, short-term changes are frequently erratic.

TABLE 7

CYCLICAL COMPARISONS OF EMPLOYMENT CHANGE, ADULTS AND TEENAGERS

	Percent Change 1973:IV - 1975:I[a]	Percent Change 1975:I - 1976:I	Percent Change 1976:I - 1976:II
Total	-1.3	2.4	1.3
Adult males	-2.0	1.4	1.0
Adult females	+9.0	4.5	1.5
Teenagers	-5.4	1.5	2.5

SOURCE: Computed from data from the Bureau of Labor Statistics, Employment and Earnings (April 1976).

a. Percent changes are calculated using 1973:IV levels as a base. The data are seasonally adjusted. Data for 1976 are preliminary.

TABLE 8

CYCLICAL COMPARISONS OF UNEMPLOYMENT RATES, ADULTS AND TEENAGERS

	1973:IV	1975:I	1976:I	1976:II
Total	4.8	8.1	7.6	7.4
Adult males	3.1	6.2	5.7	5.7
Adult females	4.8	8.0	7.4	7.1
Teenagers	14.6	19.8	19.4	18.7

SOURCE: Bureau of Labor Statistics, Employment and Earnings (July 1976).

Note: Seasonally adjusted data. Data for 1976 are preliminary.

Thus, short-term changes in teenage unemployment rates should be interpreted with more than usual caution.

The outlook for the overall economy is for a continuation of the recovery, at least through 1977. This may have a limited, beneficial effect in lowering teenage unemployment. In a recent report on the economy, CBO estimated that by the fourth quarter of 1977, the overall unemployment rate may be in the 5.8 to 6.4 percent range.[2] This range would be down 1.0 to 1.6 percentage points from the 7.4 percent unemployment rate reported for the second quarter of 1976.

Although it is even more difficult to anticipate changes in teenage unemployment than overall unemployment, in general these rates tend to change in the same direction; and the teenage unemployment rate changes by more (in percentage points) than the overall unemployment rate.

2. Congressional Budget Office, Sustaining a Balanced Expansion (August 3, 1976), p. xii.

On the average, between 1954 and 1975, the teenage unemployment rate changed by approximately 1.6 percentage points for each 1.0 percentage point change in the overall unemployment rate.[3] If this average relationship holds, the recovery may contribute to a decline in the teenage unemployment rate of approximately 1.6 to 2.6 percentage points between the second quarter of 1976 and the fourth quarter of 1977.[4]

Countercyclical Policies

Aggregate fiscal and monetary polices can be used, within limits, to affect the rate of growth in gross national product (GNP) during the next few years; and the rate of growth in GNP will affect the levels of teenage employment. Starting with 1975, the implications of a 6 percent versus a 5 percent growth rate in constant-dollar GNP are presented in Table 9. According to these estimates, the 6 percent growth rate would result in a decline from the 1975 level of approximately 20 percent teenage unemployment to 16 percent in 1977 and to 12.5 percent in 1980. The 5 percent growth rate in output would be associated with almost 2 percentage points more in the teenage unemployment rate in 1977 and 3 percentage points by 1980.[5]

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3. This relation is based on statistical regression analysis, using annual data for the period 1954 to 1975. The dependent variable used was the teenage unemployment rate, and the explanatory variables were the overall unemployment rate and the proportion of teenagers in the working age population.

4. Another indication of the outlook for teenage unemployment is the forecast by Data Resources, Incorporated (DRI). Using a macroeconomic model, DRI forecasts that, from 1976:II to 1977:IV, the unemployment rate for white teenagers may decline from 16.3 percent to 13.2 percent, and for nonwhite teenagers from 39.3 percent to 32.3 percent. This implies a teenage unemployment rate for all races of approximately 15.3 percent in 1977:4, compared to 18.7 percent in 1976:II. Data Resources, Inc., The Data Resources Review, Vol. V., No. 8 (August 1976), p. 11-24.

5. Ralph E. Smith, "The Teenage Unemployment Problem-- How Much Will Macro Policies Matter?" Prepared for the Conference on the Teenage Unemployment Problem--What Are the Options? (Congressional Budget Office, April 30, 1976).

TABLE 9

THE IMPACT OF SIX PERCENT COMPARED WITH FIVE PERCENT GROWTH PATHS IN REAL GNP ON TEENAGE EMPLOYMENT AND UNEMPLOYMENT, 1977 AND 1980

	1975	1977			1980		
	Actual	Path A	Path B	Difference	Path A	Path B	Difference
Employment (thousands)							
Total	7,046	8,139	7,883	256	9,066	8,589	477
White	6,452	7,479	7,286	193	8,255	7,890	365
Nonwhite	594	660	597	63	811	699	112
Unemployment Rates (percent)							
Total	19.9	16.0	17.8	-1.8	12.4	15.4	-3.0
White	17.9	14.4	16.1	-1.7	11.3	14.0	-2.7
Nonwhite	36.9	30.5	34.2	-3.7	22.7	28.6	-5.9

SOURCE: Ralph E. Smith, "Labor Market Implications of 5 percent vs. 6 percent Growth (Urban Institute, January 1976, unpublished study conducted for the Senate Committee on the Budget).

NOTES: Path A is based on the asusmption of a 6 percent growth rate in real GNP; Path B on a 5 percent growth rate. By "real GNP" is meant gross national product in constant prices. Growth was measured from the 1975 level of GNP.

Fiscal and monetary policies can be used to improve the unemployment situation for workers in general, including teenagers. For example, in the recent report on the economy, CBO estimated that adding $10 billion in outlays to the First Concurrent Resolution on the Budget for Fiscal Year 1977 would reduce the overall unemployment rate by 0.2 percentage points by the end of 1977, and increase the rate of inflation by 0.2 percentage points by 1980.[6]

In addition to aggregate policies, there are several types of specific employment-creating policies that are being applied, or being discussed, as instruments for dealing with cyclical unemployment. These policies, which were reviewed in an earlier CBO report,[7] include public employment and training, public works, antirecession grants to state and local governments, and private sector subsidies for employment and training. One of the difficulties of targeted policies is establishing priorities of need. For example, to what extent should youth receive limited resources relative to adult heads of households?

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6. Sustaining A Balanced Expansion, pp. 30-32.

7. Congressional Budget Office, Temporary Measures to Stimulate Employment: An Evaluation of Some Alternatives, September 2, 1975.

CHAPTER III

STRUCTURAL CAUSES AND SELECTIVE POLICIES AND PROGRAMS

Structural causes of high teenage unemployment are persistent and long term, continuing through all phases of the business cycle. They include such factors as the functioning of institutions, such as labor markets and educational systems, the skill characteristics of individuals, racial discrimination, and poverty. In this chapter, structural problems and policies affecting teenage unemployment are discussed in four principal areas:

- The transition from school to work;
- Public regulations of the labor market;
- Inadequate education and training; and
- Special problems of minority teenagers and teenagers living in poverty areas.

Transition Problems and Policies

Youth face transition problems associated with the passage from school to work. An increasing proportion of the young occupy an in-between state--partly in the labor market and partly in school. Moreover, among college age youths it is becoming common to alternate periods of being in school, in the labor market, or a combination of the two. For youths in school, there are problems associated with finding summer, part-time after school, or weekend jobs. At a later stage most youth seek their first "regular" job, which is usually full-time for an indefinite period of time. The first full-time job after leaving school is especially critical because it has important effects on the individual's

subsequent opportunities.[1] After youths have entered the labor market full-time they change jobs more frequently than workers in general.

Even during periods of tight labor market in the United States, when overall unemployment rates are low, teenage unemployment rates remain relatively high--at least 10 percent. This is caused in large part because of unemployment associated with the transition from school to work and with the tendency for students to enter the labor market on an intermittent basis. During periods of loose labor markets, teenagers find it significantly more difficult to find part-time and summer jobs and the first post-school jobs or jobs with career prospects. Thus, because of these characteristics of youth participation in the labor market, teenagers have higher unemployment rates than adult males.[2] The question is whether or not a significant part of this type of frictional unemployment is inefficient and whether the cost in psychological and human terms may be too high.

Entry Into the Labor Market

A large proportion of teenage unemployment--both in tight and loose labor markets-- is associated with entry into the labor market. In a loose labor market, such as 1975, about 65 percent of unemployed teenagers were entering the labor market (new entrants plus reentrants). In a tighter labor market, such as 1973, an even higher proportion, 70 percent, were entering the labor market. In order, the next most important causes of teenage unemployment were job loss and voluntarily leaving a job.

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1. Howard Birnbaum, Career Origins; also Peter M. Blau and Otis D. Ducan, The American Occupational Structure (New York: Wiley & Sons), especially, pp. 48-58. Of course by the time a young person finishes schooling much has already been determined about his/her choices of occupations.

2. The fact that much of teenage unemployment is associated with entry into the labor market and with frequent job changing has been stressed by several economists in recent years including: Robert E. Hall, "Why Is the Unemployment Rate So High at Full-Employment?", Brookings Papers on Economic Activity, 1970, No. 3; George L. Perry, "Unemployment Flows in the U.S. Labor Market, "Brookings Papers on Economic Activity, 1972, No. 2, pp. 245-278; Martin S. Feldstein, Lowering the Permanent Rate of Unemployment, prepared for the Joint Economic Committee, (Wasington: GPO, 1973), pp. 17-26.

In 1973, approximately 17 percent of unemployed teenagers had lost their last job and approximately 12 percent had left their last job voluntarily.[3]

The relative importance of different types of teenage unemployment can be gauged by comparing the teenagers' rates of unemployment with unemployment rates for the total labor force. In 1973, the teenage unemployment rate was 14.5 percent, and the total unemployment rate was 4.9 percent. The job-loser rate (the number of unemployed who lost their last job, divided by the number of workers in the labor force) was 2.4 percent for teenagers and 1.9 percent for the total labor force. The job-leaver rates were 1.7 percent and 0.7 percent, respectively. The reentrant rates were 4.3 percent and 1.5 percent. The greatest contrast occurred in the case of new entrants (persons with no previous work experience): the new-entrant rate of unemployment was 6.0 percent for teenagers, but only 0.7 percent for the total labor force.[4]

In part, entry problems are associated with large, seasonal fluctuations in the teenage labor market. Entry problems are exacerbated by adherence to the traditional academic year when students begin their summer vacations and school graduates begin their first permanent jobs. The highly seasonal nature of the teenage labor market is illustrated by data on changes in the market between April and July for the last 6 years. The average increase in the teenage labor force was 40 percent between April and July. The average increases in employment and in the number of unemployed were 37 percent and 54 percent, respectively.[5]

Job Changing

It is well known that young workers in the labor market change jobs and occupations relatively frequently. For example, one longitudinal study of employed

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3. Bureau of Labor Statistics, Employment and Earnings, (January 1974 and January 1976).

4. Ibid.

5. Calculated with data from the Bureau of Labor Statistics.

out-of-school males, aged 17-23, found that about two-thirds of the white youth changed jobs at least once during a three-year period from 1966 to 1969 and that about four-fourths of the nonwhite youth changed jobs at least once. Moreover, about one-third of the whites and one-half of the nonwhite males changed employers at least twice.[6] Surveys conducted by the Labor Department have documented the fact that young people change jobs more frequently than mature individuals.[7]

Several factors account for the comparatively high rates of job changing: the low and insecure status of many of the jobs held by teenagers, teenagers' relative freedom from financial responsibility, and their interest in trying different types of work.

Since employers are aware that teenagers are apt to leave more readily than older workers, they are reluctant to hire teenagers except for the most unskilled jobs. From the employer's point of view the teenager is a poor prospect in whom to invest training. In addition, some employers feel that teenagers are less dependable than older workers in other ways, such as being careful with equipment, and being at work regularly and on time. Some employers fear that their insurance costs will be adversely affected by hiring teenagers.[8] Thus, the behavior of teenagers and of employers is reinforcing. Given the pattern, many young people do not get a chance at jobs with long-term career potential until they are in their twenties.[9]

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6. U.S. Department of Labor, Career Thresholds, Manpower Research Monograph, No. 16 (1974), Vol. 4, p. 54.

7. U.S. Department of Labor, Bureau of Labor Statistics, Job Mobility in 1961, Special Labor Force Report No. 35; and Occupational Mobility of Workers, Special Labor Report 176 (1975).

8. U.S. Bureau of Labor Statistics, "Survey of Hiring Requirements and Youth Employment," in Youth Unemployment and Minimum Wage, Bulletin 1657 (1970), p. 72.

9. Paul E. Barton, "Youth Employment and Career Entry," in Seymour L. Wolfbein, ed., Labor Market Information for Youths, (Philadelphia: Temple University, 1975), pp. 84-99.

Recently, one author has questioned whether this may be an appropriate area for legal action:

> If employers will not hire 19-year-old high school graduates solely on the basis of age, and without tested employment criteria based on ability to perform, then discrimination is being practiced which is not different in kind from refusal to hire older workers--a practice now banned by Federal law.[10]

Policies to Ease Transition

Various other policies have been proposed to ease the transition from school to career-oriented jobs. Services in the school might include career education as well as work-study programs, particularly during the senior year of high school. Schools could be encouraged to provide placement services or to work closely with the U.S. Employment Service in placing graduates. One of the chief strengths of proprietary schools is their placement services. Public institutions as well might be encouraged to stress this function and to collect and make available information on job placements of recent graduates.[11]

Knowledge of occupations may be a significant determinant of subsequent labor market status of youths, according to recent research using longitudinal data on young men who were no longer in school.[12] These results suggest

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10. Ibid., p. 97.

11. This paragraph is based in large part on Richard Freeman, "Teenage Unemployment: Can Reallocating Educational Resources Help?" (paper prepared for the Conference on The Teenage Unemployment Problem--What Are The Options?, Congressional Budget Office, April 30, 1976).

12. Herbert S. Parnes, "Improved Job Information: Its Impact on Long-run Labor Market Experience," in Wolfbein, Labor Market, pp. 176-179.

indirectly that investments in providing young people with information about occupations may be helpful to them in obtaining better jobs. However, the most difficult problem may be to develop methods which effectively transmit information about careers and job opportunities. Some analysts argue that information, counseling, and placement may be relatively ineffective in reducing youth unemployment.[13]

A successful effort to provide transitional services to youth requires cooperation among educational, business, and labor institutions. To encourage such cooperation, the U.S. Department of Labor has recently announced a pilot program of "education-work councils."[14]

Employers might be more willing to hire and train teenagers if they were paid some form of subsidy to meet part of the cost. Alternatively, or in addition, the use of minimum wage differentials could encourage firms to hire more teenagers.

Market Regulations--The Minimum Wage and Child Labor Legislation

Teenagers face many barriers to obtaining good jobs and, in some cases, to obtaining any jobs at all. Some of these barriers are legal, such as child labor laws and minimum wage laws. Others involve occupational entry requirements, such as formalized apprenticeship and occupational licensing. Most such regulations and requirements were not specifically intended as barriers to jobs, and particularly not to be impediments for the nation's young people. Nevertheless, these regulations hinder young people in successfully making the transition from school to work.

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13. Beatrice Reubens, Bridges to Work: International Comparisons of Transition Services (Montclair, N.J.: Allenheld and Osmund, 1976).

14. U.S. Department of Labor, News Release, USDL-76-232 (April 2, 1976).

Since the regulations serve a variety of purposes, it is not feasible to generalize about the implications of changing them without a detailed investigation of each type of regulation. The minimum wage issue is emphasized here because it is an issue with which the federal government is directly involved, and one that is frequently relevant to teenage employment. The federal child labor regulations are similarly important and are also briefly discussed below.

The Federal Minimum Wage

At present about 85 percent of all nonsupervisory employees are covered by the minimum wage provisions of the Federal Fair Labor Standards Act. The legislation establishes a floor which varies somewhat between agricultural and nonagricultural industries and according to when the category of employment was included. The basic minimum wage now is $2.30 per hour.

Minimum wage regulations are sometimes criticized for diminishing the number of jobs available; that is, employers do not hire people to do some useful things because the activity will not support the minimum wage. The employer's labor cost per hour includes not only the wage paid to employees but also payroll taxes, workman's compensation insurance, fringe benefits, recruiting costs, and training costs. Thus, for many employers, the effective minimum cost per hour of employing a worker may be substantially more than the legal minimum wage.[15]

Minimum wage regulations may have a greater impact on teenagers than on more mature workers. As a low-paid group of workers, many teenagers may benefit from the legal minimum wage; but because of the minimum wage some teenagers may find it difficult to obtain employment. If employers are forced to pay a higher wage than they otherwise would, they may select older, more experienced workers whom they can get for that wage. This not only increases the chance of relatively high initial productivity,

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15. According to Labor Department estimates for 1972, wage and salary payments to employees contribute about 80 percent of employers' labor costs. Thus, other costs--payroll taxes and fringe benefits--add an average of nearly one-fourth to wage costs. Fringe benefits have increased as a proportion of employers' total labor costs. Bureau of Labor Statistics, Handbook of Labor Statistics (1975), Table 118.

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but minimizes potential loss of training investment if these workers quit. More experienced workers will not require as much initial investment as inexperienced teenagers. Another effect that the minimum wage may have on teenagers is to limit their opportunities to acquire on-the-job training and work experience. It is possible that teenagers would accept something less than the minimum wage to acquire these benefits.

Since not all employment is covered by the minimum wage, some of those who do not get jobs in the covered sector may have to accept jobs in the noncovered sector. This has the effect of pushing wages still lower in the noncovered sector. Hence, some teenagers, among others who work in noncovered sectors of the economy, will have to work for lower wages than would be the case without the minimum wage. Some workers may remain unemployed or drop out of the labor market rather than accept the low-paying jobs that may be available.

There is a general consensus that the minimum wage reduces employment somewhat below what it would otherwise be; but there is no consensus on the magnitude of its effect on employment or on the availability of training and experience.[16] Several recent studies have reported statistically significant findings that an increase in the minimum wage, other things being equal, reduces teenage employment. These studies, which cover the period between 1954 and the late 1960s, indicate that an increase

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16. For a survey of the literature on the impact of the minimum wage, see R.S. Goldfarb, "The Policy Content of Quantitative Minimum Wage Research," (Proceedings of the 27th Annual Meeting of the Industrial Relations Research Association).

in the minimum wage of 25 percent would have lowered the level of teenage employment by something like 3 percent to 6 percent.[17]

There are, however, enough ambiguities in the results of these studies to cast some doubt on the findings. One study, for example, reported finding that the minimum wage significantly decreased the employment of white teenagers, but did not find a significant effect on the employment of nonwhite teenagers. The author reasoned that the effect of the minimum wage, if there is an effect, should have been larger for nonwhite teenagers than for white teenagers.[18] More generally, it is very difficult to explain satisfactorily the level of teenage employment and to isolate the effects of any single influence such as the minimum wage. The range of results from attempts to do so has been wide.

It has also been argued that the minimum wage increases the cyclical nature of the employment of some groups of workers, especially teenagers and nonwhites and increases the stability of employment for adult white males. According to this view, the minimum wage prevents downward adjustments in the wages of unskilled workers

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17. U.S. Department of Labor, Employment Standards Administration, Groups With Historically High Incidences of Unemployment (May 1975). The studies reviewed include those by H. Kaitz, "Experience of the Past: The National Minimun," in BLS Bulletin 1657, Youth Unemployment and the Minimum Wage, (Washington: GPO); J. Mincer, "Unemployment Effects of Minimum Wages," Working Paper No. 39 (New York: National Bureau of Economic Research); and F. Welch, "Minimum Wage Legislation in the United States," Economic Inquiry (Sept. 1974). Regarding the latter reference, for a correction see F. Welch and F. Siskin, "Minimum Wage Legislation in the United States," U.S. Department of Labor, ASPER, Technical Analysis paper. 1976.

For another study of the 1954-1968 experience see T. Kelley, "Youth Employment Opportunities and the Minimum Wage: An Econometric Model of Occupational Choice," Working Paper 3608-1 (Washington: The Urban Institute).

18. See H. Kaitz, "Experience of the Past."

during periods of slack demand and this tends to reduce employment of unskilled workers. During periods of tight labor markets, the demand for unskilled workers, including teenagers, expands rapidly because the unskilled constitute a reserve labor pool.[19]

The effect of the minimum wage on the teenage unemployment rate depends on both the effect on employment and the effect on the supply of teenage labor. In turn, the minimum wage may have two, possibly offsetting, effects on the supply of teenage labor. On the one hand, a higher minimum wage may attact more teenagers into the labor market. This effect would increase the unemployment rate further in addition to the possible effect of the minimum wage on the demand for teenagers. On the other hand, if the minimum wage makes jobs more scarce for teenagers, more teenagers may drop out of the labor market. This effect on the supply of labor may, in part, offset the effect on the demand for labor. Hence, the net effect of the minimum wage on the teenage unemployment rate cannot be predicted without studying actual experience.

Statistical studies that have attempted to measure the effect of increases in the minimum wage on teenage unemployment rates have come to conflicting conclusions. One group of studies for the approximate period 1954 to 1968, reports statistically significant effects--that an increase in the minimum wage increases the teenage unemployment rate.[20] Another group of studies, focusing on the same period, reports finding no significant relationship.[21]

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19. M. Kosters and F. Welch, "The Effects of Minimum Wages on the Distribution of Changes in Aggregate Employment," American Economic Review (June 1972), pp. 323-332.

20. D. Adie, "Teenage Unemployment and Real Federal Minimum Wages," Journal of Political Economy, 81 (March-April 1973), pp. 435-441; and T. Moore, "The Effect of Minimum Wages on Teenage Unemployment," Journal of Political Economy, 79 (July-August 1971) pp. 897-902; as cited by R. Goldfarb, "The Policy Content of Quantitative Minimum Wage Research."

21. H. Kaitz, "Experiences of the Past," and M. Lovell, "The Minimum Wage, Teenage Unemployment, and the Business Cycle," Western Economic Journal (December 1972), pp. 414-427; as cited by R. Goldfarb, ibid.

There is a critical difference between the studies that find and those that do not find a significant relationship between increasing minimum wages and teenage unemployment. It lies in the treatment of the bulge in the teenage population.[22] The group of studies that finds a significant relationship between the minimum wage and teenage unemployment rates does not include in the analysis a variable measuring the increase in the proportion of teenagers in the population. The group of studies that finds no relationship between the minimum wage and teenage unemployment has included the demographic factor. In other words, the minimum wage variable and the proportion of teenagers in the population increased during the period that was studied, from 1954 to approximately 1968, and there is no agreement on whether the increase in unemployment was caused by demographic factors or by increases in the coverage under the minimum wage.

Under the Federal Minimum Wage Act, there are provisions for partial exemptions under certain circumstances for certain groups, including student learners, apprentices, messengers, and full-time students. The student learner program permits the payment of subminimum wages (75 percent of the minimum wage) to vocational education students 16 years of age and older for part-time work in training related to their education. The program for full-time students permits agricultural, retail, and service establishments to hire full-time students over the age of 14 after school for up to 20 hours per week at 85 percent of the minimum wage. Employers who want to hire more than a few teenagers must satisfy the Secretary of Labor that the teenagers hired will not displace other workers. Institutions of higher education are also permitted to hire their own students for up to 20 hours per week at 85 percent of the minimum wage.

The number of certificates obtained to employ full-time students at less than the minimum wage more than tripled between fiscal years 1974 and 1975, from 7,551 to 26,170. The large increase is mainly attributable to the Fair Labor Standards Amendments of 1974 which extended the program to include colleges and additional retail and service establishments, and made the

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22. Goldfarb, ibid.

certificates more readily available. Of the 26,170 certificates issues in 1975, 748 were issued to institutions of higher education and authorized the employment of an estimated 318,000 students. The remaining 25,422 certificates authorized the employment of approximately 197,000 students in the retail, service, and agricultural sectors.[23]

However, there may be a substantial difference between the number of jobs authorized for employers under the various programs permitting differential minimum wages and the actual number of persons hired. Although these statistics are not continuously available, a special study of experience in 1968-1969 indicated that only 42 percent of the authorized hours were actually used. According to this survey, reasons for less than full utilization include being fully staffed or unable to add workers. Other reasons less frequently cited were unwillingness of teenagers to work for less than the minimum wage, unsatisfactory work performance of teenagers, burdensome record-keeping, and restrictions in the certificates.[24]

Thus, the law provides that, with a certain amount of red tape and safeguards, employers can hire teenagers in school at a lower wage than others. To an unknown degree, this may aid teenagers in school at the expense of other workers, especially teenage workers not in school. It is sometimes proposed that the minimum wage law be amended to provide a lower minimum wage for teenagers in general. If a different minimum were applied to all teenagers than to other workers, the demand for teenage labor would be increased. But to some degree employers would substitute teenagers for older workers. There could also be cases in which teenagers would be hired at the lower rate rather than adults who are heads of households. Unfortunately, the available research is not conclusive on the magnitude of the substitution effect that might result from a differential in the minimum wage.

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23. U.S. Department of Labor, Employment Standards Administration, Minimum Wage and Minimum Hours Standards Under the Fair Labor Standards Act (1976), p. 34.

24. U.S. Bureau of Labor Statistics, "Study of Full-Time Student and Learner Certification under the Fair Labor Standards Act," in Youth Unemployment and Minimum Wages, pp. 107-120.

In addition, some persons question whether or not the differential minimum wage for teenagers would exacerbate the high quit rates and patterns of instability in the unskilled labor market.[25]

There are alternative measures (other than the differential minimum wage) that could be used to reduce the cost of teenage labor to employers. For example, teenagers might be partially exempted from payroll taxes; or, employers might be paid a tax credit for employing teenagers. These approaches would have some of the same advantages and drawbacks of the differential minimum wage; however, there are differences as well. For example, teenagers would earn higher wages with the subsidies, compared with the differential minimum wage, and the choice of methods for lowering the cost of teenage labor to employers has implications for the federal budget.

Federal Child Labor Regulations

The Federal Fair Labor Standards Act also contains provisions regulating the employment of young people--referred to as "child labor standards." In general, 16 years is the minimum age for employment. Eighteen years is the minimum age for employment in hazardous occupations other than in agriculture. Fourteen is the minimum age for employment outside school hours for certain industries such as retail trade and services. Employers are required to obtain proof of age and to maintain special records regarding the employment of teenagers, in accord with regulations established by the Secretary of Labor.[26]

The Fair Labor Standards Act also provides for a program, called the "Work Experience and Career Exploration Program," which permits 14 and 15 year olds to obtain work experience during the school day if the work is an integral part of the student's educational program.

25. Duran Bell, "The Minimum Wage Reconsidered," (unpublished, processed, Santa Monica: Rand Corporation, 1974).

26. Bureau of Labor Statistics, Handy Reference Guide to the Fair Labor Standards Act, WH Publication 1282.

In addition to the federal regulations pertaining to hiring teenagers, all states have child labor laws, and more than two-thirds have minimum wage provisions, which in some instances are above the federal minimum.

Thus, there are many rules governing the conditions of employment, particularly the employment of minors, and the implications maybe far-reaching. Since the rules do not apply uniformly for all industries and areas of the country, complexities are introduced. Unemployment may be induced by the search for jobs covered by more advantageous rules. Employers frequently state that they do not want to hire teenagers because of the special legal provisions governing their employment.[27] Unfortunately, there are no good measures of the impact of the various employment barriers and regulations on the actual employment and unemployment of teenagers.

Inadequate Education and Training

Inadequate education or basic training is a problem for a significant minority of teenagers.[28] Inadequate education and training can affect the level of teenage unemployment if there are job vacancies which require particular skills and if there is a shortage of workers with those skills.

In addition, an inadequate education and skill base can contribute to patterns of instability in job holding. The jobs available to this group generally pay low wages, and the prospects for acquiring better jobs at a later stage in life are often not good. The secondary labor market, in which many unskilled workers function, is characterized by high rates of job changing and the absence of significant promotion possibilities. While upgrading skills may not have a direct effect on job characteristics in the secondary labor market, it may improve youths' chances for upward mobility.

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27. Bureau of Labor Statistics, Youth Unemployment and Minimum Wages, Bulletin No. 1657 (1970), pp. 68-77.

28. For a survey of available information on the job-related competencies of youth, see Ralph W. Tyler, "The Competencies of Youth," in From School To Work: Improving The Transition, A Collection of Papers Prepared for the National Commission for Manpower Policy, Washington: Government Printing Office (1976), pp. 89-116.

Although inadequate education and training can affect the level of unemployment, perhaps the more important effect is on the distribution of unemployment--workers who lack education and skills bear the brunt of recessions and of periods of persistent high unemployment. Employers tend to use prior education and training as screening devices even when the immediate vacancy does not require high levels of formal training. As education levels (measured by years of schooling) have increased, the relative disadvantage of high school dropouts and those having only a high school diploma has increased. While a higher proportion of students has remained in school than in the past, it has been argued that schooling means less than before in terms of actual knowledge and ability to perform on the job. If educational standards and performance have diminished, this may have contributed further to escalation in the levels of education sought by employers.

Some of the relative advantages of persons starting in the job market with higher education have been eroded in recent years, and many youths graduating from progams of higher education are encountering difficulty in obtaining the types of jobs that they had expected to obtain. After a period of search, these individuals are finding it necessary to work at jobs for which a high school education has been typical. Thus, there has been a process at work in which young people with more education are getting the types of jobs that were formerly available to people with less education. Young people near the bottom of the educational chain may not have the option to obtain a job by downgrading their expectations.

The reasons that a significant minority of today's youth is not receiving minimally adequate preparation for the job market are many and complex. These include problems associated with the size of schools, kinds of curricula offered, and the adequacy of counseling and placement. Some of the reasons extend beyond the school walls to the areas of the family, housing patterns, and inadequacy of educational resources. For some purposes the schools may be too insulated from the rest of society and vice versa.[29]

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29. For a recent discussion of problems of the school system, see the Report of the Panel on Youth of the President's Science Advisory Committee, Youth--Transition to Adulthood (University of Chicago Press, 1974), especially chapters 3 and 4.

In the United States there is a strong emphasis on opportunities for extended academic training. This emphasis is reflected in the allocation of educational resources and in the attitudes and aspirations teenagers. A survey of male teenagers enrolled in school, completed in the late 1960s, found that the proportion who expected to acquire at least some college education and the proportion who expected to enter professional occupations were high relative to likely outcomes. The study estimated that 71 percent of the 14 and 15 year olds and 62 percent of the 16 and 17 year olds had college aspirations.[30]

Approximately 80 percent of those surveyed who were between the ages of 14 and 17 were able to state an occupational goal. Among those youngsters, 59 percent of the whites and 53 percent of the blacks aspired to professional or technical jobs; and 10 and 12 percent, respectively, hoped to be in other white-collar jobs. Skilled manual work was mentioned by only 18 percent of whites and 20 percent of the blacks. The study found that there was not much difference between the occupational aspirations of blacks and of whites.[31] In more recent years, partly because of the difficulties in finding jobs encountered by young college graduates, there have been some indications that a higher proportion of young people are considering noncollege and nonacademic options.

While it may be desirable for relatively high proportions of the young to aspire to long academic training and careers in the professions, many will eventually have to reduce their aspirations. The danger is that there may not be sufficient training opportunities for those who must ultimately seek manual jobs.

Some approaches for meeting the educational needs of the noncollege-bound include an increased emphasis on vocational and career education. In addition, more emphasis could be put on basic reading and mathematical skills.

In recent years there has been increased interest in bridging the gap between school and work. In his speech at Ohio State University on August 29, 1974, President Ford called for greater interchange of students, personnel,

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30. U.S. Department of Labor, Career Thresholds, Vol. 1, Manpower Research Monograph No. 16 (1970) p. 166.

31. Ibid., pp. 169-172.

and ideas between the educational institutions and the institutions of government, industry, and labor. He also established a federal interagency task force to devise ways to use government resources more effectively in assisting in the transition from school to work.

The federal role in education has been largely indirect since the primary responsibility for education resides with state and local governments and at the community level. However, the federal government does foster educational programs. For example, there is a $10 million pilot program to foster career education in the public schools. A second example is the previously mentioned Work Experience and Career Exploration Program (WECEP) which provides for exceptions to the Federal Fair Labor Standards Act so that students aged 14-15 are permitted to work part-time in an approved program during school hours.[32] Still another federal effort is the pilot program to stimulate the formation of education-work councils at the community level.

Numerous efforts have been made to assess the effectiveness of different educational programs in secondary schools in preparing students for the job market. For the noncollege-bound, there is some evidence to suggest that students who have had some vocational preparation have slightly higher initial earnings and may experience somewhat lower unemployment rates initially than students who have not.[33]

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32. A recent study of WECEP concluded that the program tended to increase school attendance and to reduce tardiness by participants. However, the effects on students' grade point average were inconclusive. Dennis Roth and Ernst W. Stromsdorfer, "An Analysis of the Educational and Economic Impact of the Work Experience and Career Exploration Program" (unpublished paper, Office of Assistant Secretary for Policy, Evaluation, and Research, U.S. Department of Labor, 1975).

33. Jacob J. Kaufman, et.al., A Cost Effectiveness Study of Vocational Education (University Park, Pennsylvania: University of Pennsylvania, Institute for Research on Human Resources, 1969). Gerald G. Somers, The Effectiveness of Vocational and Technical Programs (Madison, Wisconsin: University of Wisconsin, Center for Studies in Vocational and Technical Education, 1971). Ernst W. Stronsdorfer, et.al., An Economic and Institutional Analysis of the Cooperative Vocational Education Program in Dayton, Ohio, (prepared for the U.S. Department of Labor, 1973.

However, there is no conclusive evidence that one type of program is generally superior to another. For example, students who receive more general education may later in life overtake the students who took an educational program with a vocational or career emphasis. While educators are not in agreement about the superiority of one type of education over another, there may be advantages to presenting alternatives to the students since some may be more interested in one type of program than another.

Since there is substantial uncertainty about the best way to improve the educational-training process for the students who do not go to college, a voucher or entitlement system has been suggested.[34] With this approach, all youths would be entitled to a fixed amount of resources to be used for training, education, or employment experience as selected by the individual. The GI Bill is an example of an entitlement program in which the federal government assisted individuals who qualified for the program to attend an institution of higher education or a technical school. Another example of this approach at the primary level of schooling is the experiment with vouchers in the Alum Rock School System in California. In that experiement parents were allowed a choice among public schools. Initial results of that experiment indicate that parents were relatively satisfied with the education their children were receiving; however, there was no discernible difference in the educational performance of the students participating in the experiment.[35]

Problems of Nonwhite Teenagers And Teenagers in Poverty Areas

The unemployment rate for nonwhite teenagers is approximately double the rate for white teenagers. Since nonwhite teenagers account for about 11 percent of the teenage labor force, the overall teenage unemployment rate would be about 10 percent lower if unemployment rates for

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34. James S. Coleman, CBO Conference on The Teenage Unemployment Problem, has recommended the entitlement approach for consideration, in part, because of changes in students' attitudes toward authority.

35. David R. Mandel, "Educational Vouchers--The American Experience" (unpublished paper, National Institute of Education, Department of Health, Education and Welfare, 1975).

nonwhite teenagers were no higher than those for white teenagers. In 1974, the labor force participation rate for nonwhite teenagers was more than 16 percentage points below the participation rate for white teenagers.[36] Moreover, the unemployment rate and the rate of nonparticipation in the labor force have been increasing over a 20-year period.

There are also differences in the quality of jobs held by nonwhite teenagers compared to white teenagers. A recent study of the labor market experiences of young males, which used longitudinal data from the late 1960s, found that a significant proportion of young males of both races began their full-time labor market careers in low-paid, low-status jobs--43 percent of whites and 64 percent of nonwhites. Three years after their initial entry, however, 17 percent of the whites and 36 percent of the nonwhites were still working at low-status jobs.[37] More recent occupational data indicate that among employed out-of-school youths, 16 to 21, a substantially higher proportion of whites were employed in white-collar jobs--39 percent of whites and 27 percent of nonwhites. Similarly, nonwhites were comparatively highly concentrated in the laborer and service worker categories.[38]

For corresponding years of schooling, nonwhite youths have generally had substantially higher unemployment rates

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36. Bernard E. Anderson, "Youth Employment Problems in the Inner City," Congressional Budget Office Conference on Teenage Unemployment, April 30, 1976.

37. Paul J. Andrisani, "Discrimination, Segmentation, and Upward Mobility: A Longitudinal Approach to the Dual Labor Market Theory," (unpublished, processed, Temple University, 1976).

38. U. S. Department of Labor, Bureau of Labor Statistics, Employment of School-Age Youth, October 1973, Special Labor Force Report 170 (1974).

than white youths, except recently in the case of college graduates. In October 1975, nonwhite college graduates, 24 years old and younger, had lower unemployment rates than their white counterparts.[39]

There are also major differences in teenage unemployment rates and labor market conditions by geographic areas of the United States. In 1975, unemployment rates for teenagers living in metropolitan poverty areas were approximately 46 percent for nonwhites and 26 percent for whites. In nonmetropolitan poverty areas, where much of the problem is related to underemployment rather than unemployment, the teenage unemployment rates were 33 percent for nonwhites and 16 percent for whites.[40]

In low-income areas, the labor market prospects for teenagers are especially bleak because there is a whole confluence of negative factors at work. The local economies are weak. Family incomes are low, and family structures may be weak. The welfare system accentuates dependency and discourages efforts to earn. The quality of education available to youth is inadequate, and examples of success for young people are few. Crime abounds to plague the residents and to tempt the young with financial gains that are greater and easier than those from legitimate pursuits.

The labor markets in low-income sections of urban areas have attributes of a vicious circle.[41] The jobs

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39. U.S. Department of Labor, Bureau of Labor Statistics, Employment of School-Age Youth, October 1975, (1976).

40. U. S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, January 1976.

41 The characteristics of the low-income urban labor markets have been described by numerous researchers during the last decade. For example, Peter D. Doeringer and Michael J. Piore, Internal Labor Markets and Manpower Analysis, (Lexington, Mass.: D. C. Heath, 1971), especially Chapter 8.

available generally pay low wages, are insecure, and offer little in the way of potential advancement. The jobs offer little opportunity to gain useful experience. In turn, the characteristics of employment interact with the characteristics of the workers. Since the rewards from staying on the job are often minimal, workers frequently quit their jobs and are frequently absent or tardy.

Although unemployment rates in low-income urban areas are affected by general business conditions, even during periods of low unemployment nationally, such as the mid-to-late 1960s, the unemployment rate remained high in these areas. One study of a large metropolitan area indicates that the problem during a period of tight labor markets was not a lack of jobs in the ghettos, but a lack of any except casual jobs.[42] It has been speculated that one of the reasons for the high turnover in the labor market and low labor force participation rates for nonwhites is associated with a perceived lack of prospects for upward mobility.[43]

Patterns of employment growth have exacerbated the labor market problems of nonwhite teenagers. The rate of employment growth in the central cities has been substantially below the rate of employment growth in suburban areas. Moreover, employment growth has been more rapid in medium and smaller cities than in the largest cities. Thus, the rapid rates of growth in employment have not occurred where the largest concentrations of nonwhite teenagers are located--in the central cities of the largest metropolitan areas of the country. The size of the nonwhite population in the largest central cities has grown rapidly since 1940 both due to net in-migration and to natural population increase. The net migration from the central cities by whites has also occurred at a rapid rate. A recent study indicates that the ratio of jobs in the central city to the size of the population in the central cities has not fallen. However,

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42. Ibid.

43. Robert E. Hall, "Why Is the Unemployment Rate So High at Full Employment?" Brookings Papers on Economic Activity, No. 3, 1970.

commuting from the suburban areas to the central cities exceeds commuting in the other direction. The net result is that employment of central city residents has been falling.[44]

While locational patterns in employment and population have been unfavorable to nonwhites in general, these trends have had a particular impact on nonwhite teenagers. First, the ratio of nonwhite teenagers living in the central cities to the total nonwhite population in the central cities is high compared to the ratio for the white population either in the central cities or in the suburbs. Second, teenagers in the labor force, especially those in school, are heavily employed in retail trade. Yet the shift in employment from the central city to the suburb has been especially rapid for retail trade as well as for manufacturing. Compared to their white counterparts, a lower proportion of nonwhite teenagers are employed in retail trade.[45]

The prevalence of crime in low-income urban areas may have affected the labor market behavior of teenagers living in the central city. Crime offers an alternative source of income to work in the legitimate labor market. Although there is no good measure of the relative importance of the crime factor in the labor market behavior of teenagers, there is some research that indicates that it may be an important factor.[46] Moreover, teenagers with arrest records have an additional serious problem with which to contend in their attempts to find legitimate employment.

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44. For a recent analysis of employment and population trends in urban areas, see Bennett Harrison, Urban Economic Development, Washington: The Urban Institute, 1974, Chapters 1 and 2.

45. U. S. Department of Labor, Bureau of Labor Statistics, Employment of School-Age Youth, October 1973, Special Labor Force Report 170 (1974), Table H.

46. Stanley L. Freidlander, Unemployment in the Urban Core (New York: Praeger, 1972), Chapter 6.

The challenge of designing policies to assist nonwhite teenagers living in poverty areas is especially difficult. Unemployment, underemployment, and discouragement are more severe than for teenagers generally. Moreover, the supporting institutions and the conditions of the local job market are weak, which compounds the difficulty of formulating effective policy.

Given the interrelatedness of these problems, there may be particular advantages in considering several coordinated and simultaneous policies. For example, employment opportunities in poverty areas are very limited; and yet, a policy that led to more jobs without also improving conditions in the schools could accentuate the school dropout problem. Recent research indicates that secondary school enrollment rates for nonwhite youths behave countercyclically--that is, as labor market conditions improve, nonwhite youths tend to drop out of school. The enrollment rates for white teenagers in secondary school were found to be unaffected by the business cycle.[47]

Some possible elements of a coordinated set of policies to assist disadvantaged youth might be:

- An expanded public employment and training program targeted on low-income areas and teenagers from low-income families.
- Expanded educational resources for both academic and applied areas of study; special emphasis could be placed on upgrading basic education.
- Increased activities devoted to improving the housing stock (painting, fixing, cleaning, and renovating). Depending on the degree of skill required, teenagers might play a part in such efforts.
- The provision of skill-training and education entitlements (scholarships) for low-income youth in poverty areas.

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47. Linda Nasif Edwards, "School Retention of Teenagers Over the Business Cycle," Journal of Human Resources, XI, No. 2 (Spring 1976), pp. 200-208.

- Aggressive enforcement of nondiscrimination statutes.

In addition to policies specifically targeted on youths, policies aimed at improving economic conditions and the quality of life in general in low-income areas may have especially beneficial effects on youths living in such areas. For example, policies which stimulate investment in low-income areas might provide some employment and training opportunities for local youths. Policies which stimulate local economic activity may add to resources available for public services, including the school system. Another possible illustration is housing policies which might have beneficial effects on access to jobs and better schools, and reduce crowding in some urban schools.

The policy approach to the problems of teenagers from low-income areas might be separated into a counter-cyclical phase and a long-term structural phase. The first priority might be to reduce the effects of prolonged high cyclical unemployment. The longer-term phase might put more emphasis on improving skills and improving the quality of jobs available.

CHAPTER IV

FOREIGN EXPERIENCE

International Differences in Teenage Unemployment Rates

The United States is not the only industrial country with an unemployment rate for teenagers considerably above that for adult workers. The recession of 1974-75 caused sharp increases in teenage unemployment rates in most industrialized nations. In some countries in which older workers are particularly insulated from cyclical unemployment by job-security arrangements, the burden of cyclical unemployment has fallen heavily on new entrants to the labor market.

The teenage unemployment rate is, however, higher in the U.S. than in other industrial countries. The differential in percentage points between the teenage unemployment rate and the total unemployment rate is also comparatively high in the U.S. However, the ratio of the teenage unemployment rate to the total unemployment rate in the U.S. is similar to the ratio in other countries (see Table 10).[1]

Since the end of World War II the experience of industrial countries with teenage unemployment has differed widely. Countries with relatively low unemployment rates for teenagers include Japan, West Germany, the Netherlands, and, until recent years, Great Britain. Countries with relatively high teenage unemployment rates include the U.S., Canada, France, and Italy.[2]

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1. Foreign unemployment rates used in this study have been adjusted to reflect U.S. definitions and concepts by the U.S. Bureau of Labor Statistics.

2. Based on Table 10, and on Bureau of Labor Statistics, Youth Unemployment and Minimum Wages, Bul. 1957, (Washington: GPO, 1970), Part IV "Foreign Experience."

TABLE 10

INTERNATIONAL COMPARISON
OF UNEMPLOYMENT RATES,
AVERAGE OF 1968, 1970, 1974

	(1) Teenagers	(2) All Working Ages	(1)-(2) Difference	(1)÷(2) Ratio
United States	14.7	4.7	10.0	3.1
Australia	5.0	1.7	3.3	2.9
Canada	12.6	5.4	7.2	2,3
France[a]	7.3	2.6	4.7	2.8
Germany[b]	2.5	0.9	1.6	2.8
Great Britain[c]	7.0	3.8	3.2	1.8
Italy[d]	15.0	3.8	11.2	3.9
Sweden	5.6	1.9	3.7	2.9
Japan	2.3	1.3	1.0	1.8

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology.

NOTE: Teenage defined as 16-19 years olds in U.S., France and Sweden; 15-19 in Australia, Canada, Germany, Great Britain and Japan; and 14-19 in Italy.

a. Average of 1968 and 1970 only.
b. Average of 1968, 1970 and 1973.
c. 1971 annual data
d. Average of 1968, 1970 and 1972.

Reasons For Differences In Teenage Unemployment Experiences

The business cycle has a pronounced effect on teenage unemployment. Thus, at a particular period, national differences in teenage unemployment rates are partly the result of cyclic factors such as the timing and severity of recessions. Other factors that affect national differences in teenage unemployment rates include:

- Demography, particularly the numbers of teenagers relative to other groups in the population;
- Machinery for assisting youths in job hunting and career selection;
- The degree to which the apprenticeship system is used;
- The use of differentially lower minimum wages for teenagers, or no minimum wage statutes;
- Attitudes and customs pertaining to social and economic mobility;
- The extent of participation in the labor market by students.

Demographic Factors

Countries that have a bulge in the size of the teenage population are likely to experience an increase in teenage unemployment rates. This was one of the factors associated with the increase in teenage unemployment rates in the U.S. between 1955 and the present time, particularly between 1955 and 1965. A relatively small proportion of youth in the population after World War II was one of the reasons for low teenage unemployment rates in Germany and Great Britain. Conversely, a relatively high proportion of teenagers was one of the factors associated with higher teenage unemployment rates in the U.S., Canada, and France.[3]

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3. Ibid., p. 136.

International differences in the demographic factors are compared for the year 1970 in Table 11. Teenagers constituted a comparatively small percentage of the working-age population in West Germany, Sweden, and Great Britain, and a comparatively high percentage in Canada, France, and the U.S. The percentage of teenagers in the labor force was comparatively low in Sweden and Japan, and comparatively high in Canada, the U.S., Great Britain, and West Germany.

Machinery for Assisting Youths in Job Hunting and Career Selection

Several countries, including Great Britain, West Germany, and Japan, engage in extensive counseling and placement activities for youth. Partly as a result of this emphasis on such services, a large proportion of the youths of these countries are able to obtain their first job after leaving school without experiencing any unemployment.[4]

Wage Differential for Teenagers

Some countries have minimum wage laws that provide for differentially lower minimum wages for teenagers. Some have collective bargaining procedures that can result in differentially lower wages for young workers. Still other countries use both mechanisms.

It has been argued that relatively low wages for teenagers compared to adult wages tend to facilitate the employment of youth. If teenagers are paid substantially lower wages than more experienced workers, there will be more economic incentive for firms to employ teenagers. The existence of a minimum wage, if it is sufficiently high, could prevent the employment of significant numbers of teenagers. For example, one study states the following:

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4. Ibid., pp. 135-136.

TABLE 11

TEENAGERS[a] AS A PERCENTAGE OF THE WORKING AGE POPULATION[b] AND THE LABOR FORCE IN SELECTED COUNTRIES, 1970

	Percentage of Working Age Population	Percentage of the Labor Force
Canada	13.9[c]	9.7
Denmark	9.8	N.A.
France	10.6[c]	6.2
Germany	8.6	8.4
Italy	9.6[c]	8.1
Japan	11.5	5.9
Luxembourg	9.2	N.A.
Netherlands	11.6[c]	N.A.
Sweden	8.6	5.7
Great Britain	8.9[c]	8.6
United States	13.1	8.8

SOURCES: Teenagers as a percentage of working age population: Demographic Yearbook, 1973, United Nations, New York (1974). Teenagers as a percentage of the labor force: Beatrice Reubens, "Foreign and American Experience With The Youth Transition," in From School To Work, p. 279.

a. Teenagers as a percentage of the working age population based on ages 15-19 for all countries. Teenagers as a percentage of the labor force based on ages 14-19 for Italy; 16-19 for Sweden, France and the U.S.; and 15-19 for all other countries.

b. Working age population defined as 15 years and over.

c. Census of 1971.

> Although there are many factors...certainly the size of apprenticeship programs and the extent of application of youth rate schemes have a definite correlation with the rate of employment of youth in the countries studied.[5]

Wage systems that provide differentially lower wages for teenagers may contribute to the low teenage unemployment rates experienced in such countries as West Germany, Great Britain, and Japan. However, the existence of a differential minimum wage for teenagers does not ensure low teenage unemployment rates. Canada also provides a differential minimum wage, but Canada has experienced high teenage unemployment rates.

Analysts are not in agreement on the significance of the minimum wage factor as as explanation for international differences in teenage unemployment rates. According to one view, the average wages of teenagers relative to adults is the critical relationship rather than legal minimum wage provisions.[6]

Attitudes and Customs Pertaining to Social and Economic Mobility

All societies must have a process through which young people are matched with careers and jobs. Attitudes and customs related to this process affect international differences in teenage unemployment rates. For a youth growing up in a highly structured society, many uncertainties and substantial unemployment associated with job search can be avoided. Children born of parents at a particular place in the social structure may be cast into a pattern of education and job selection that minimizes uncertainty and unemployment. On the other hand, in a society in which a large proportion of the population expects to be upwardly mobile, some unemployment may be associated with the search for careers thought to be most desirable.

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5. John W. Piercey, "Youth Wage Rate Schemes in Western Europe and Canada and Their Effect on Youth Unemployment," in U.S. Department of Labor, Bureau of Labor Statistics, Youth Unemployment and Minimum Wage (1970).

6. Beatrice Reubens, "Foreign Experience," Conference on Teenage Unemployment, Congressional Budget Office, April 30, 1976.

Although it is difficult to quantify the impact of differences in social attitudes and customs, some analysts have argued that the traditions and ideals of upward mobility in the United States have contributed to the relatively high unemployment rates among teenagers compared with more tradition-oriented countries.[7] As an explanation of differences in unemployment rates among countries, this thesis may be more applicable to educational decisions and to the educational system, than to high rates of job changing per se. For example, earlier in this paper, it was reported that most of the teenage unemployment in the United Stated was associated with job entry rather than with high job quit rates. However, generally high aspirations for a large proportion of teenagers may be one of the explanations for the stress on academic education for a relatively large proportion of youth.

A crucial consideration is the time at which decisions are made to determine the future of the youth. In some countries this decision is made early in life through custom, tradition, or the use of highly selective examinations. With the U.S. educational system, flexibility is maintained until a relatively late stage. At some stage, however, options diminish and large numbers of youth must settle for something less than a professional career since the number of such careers are limited.

The emphasis in the United States on keeping options open has had both advantages and disadvantages. The advantages include opportunities for upward mobility for a large proportion of youth. The disadvantages may include a failure to provide youths with meaningful signals about their educational and occupational prospects. In addition, the emphasis on academic or theoretical education to some degree may have been at the expense of providing viable opportunities for youths who at some stage pursue noncollege careers.

Some observers have concluded that there is a tradeoff between having a mobile society and having low unemployment rates for teenagers. According to this view, the United States has opted for a mobile society and high teenage unemployment has followed as a consequence.[8] However, the

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7. Franz A. Groemping, "Transition from School to Work in Selected Countries," The Transition from School To Work (Princeton: Princeton University, 1968), p. 134.

8. Ibid.; also James S. Coleman, "The School To Work Transition," CBO Conference on Teenage Unemployment, April 30, 1976.

question remains as to whether or not such high teenage unemployment rates necessarily accompany a society that offers the possibility for upward mobility. For example, by encouraging students to search for jobs before leaving school perhaps some unemployment could be avoided. In addition, more investments in post-secondary school training for noncollege-bound youth might further reduce teenage unemployment.

Student Labor Force Participation Rates

Although a comparatively large proportion of teenagers remain in school beyond age 16 in the United States, teenagers in school have comparatively high labor force participation rates.[9] The nature of this participation tends to result in significant unemployment associated with frequent entry and withdrawal from the labor market. Students in other industrial countries do not participate in the labor market to the same degree. Moreover, some countries do not include students in their unemployment statistics.

Conclusion

It would be useful to assess the relative importance of particular factors that affect differences in teenage unemployment rates among different countries. It has not been possible to do this because of data limitations and because of the difficulties inherent in attempting to hold other influences constant among countries except the factor under study. Certain countries, however, such as Japan and Germany, have experienced low teenage unemployment, while others, such as the U.S., Canada, and France, have experienced high rates of teenage unemployment. It is worth considering several systematic differences between the two groups. Characteristics associated with low teenage unemployment include a low proportion of teenagers, stress on apprenticeship, differentially lower minimum wage rates for youth, and relatively less emphasis on open options and upward mobility.

In Japan, the conditions supporting low unemployment for teenagers are especially strong, and they are mutually reinforcing. Labor markets are usually tight. Students

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9. Beatrice Reubens, "Foreign Experience."

tend to get jobs before leaving school. Firms are willing to train young workers because of the tight labor market, the low wages for beginning workers, and the low rates of job changing among workers.[10] Indeed, among the larger employers, employees tend to work for the same firm during their entire working life. In such firms, seniority is an important factor affecting wage rates. It is difficult to predict what would happen if one or more of these conditions were not present. For example, if firms could not count on the long tenure of workers, they would probably be less willing to invest in the training of youth. If youth could not count on job security, young workers might be less willing to accept low wages initially.

While certain countries have been able to keep teenage unemployment rates relatively low, there is some doubt about whether the underlying conditions will continue to exist. For example, demographic factors are becoming less conducive to low teenage unemployment. Moreover, the labor scarcity that prevailed in some countries during the 1950s and 1960s may not be typical of the future. The large role of apprenticeship in certain countries may be declining. In short, the conditions in other countries that have contributed to low teenage unemployment in the past may be eroding.[11]

Foreign Policies and Programs

Structural Policies

Great Britain and West Germany have large apprenticeship programs, extensive counseling systems in the schools, and special wage policies for teenage workers. The British have a specialized employment service for assisting youths to find jobs.

Industrial countries are currently emphasizing developing new ways of relating education and work:

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10. S.B. Levine and G.G. Somers, "Youth Employment and Wages in Japan," in Youth Unemployment and Minimum Wages, pp. 163-179.

11. Beatrice Reubens, "Foreign Experience."

> To a surprising extent nations are following a parallel course in appraising and prescribing for the structural problems affecting at least a portion of their teenagers. The dissatisfaction expressed in the United States with high school education and the consequent attention to Career Education has not been repeated precisely elsewhere, but other nations are seeking to bring education into closer proximity to the world of work, to inform young people about the options and conditions they will face, to combine school and the workplace, to bring general and vocational education into harmony and to devise new forms of education/training for the segment of youth which will not or cannot master the basic cognitive skills.[12]

There are proposals in most countries of Western Europe for revamping their educational systems to provide more vocational training, temporary (one-to-two years) leaves of absence with the guarantee that students can return to school (public education) after a period of job experience, and better counseling. It has been proposed that graduation dates be staggered to prevent the glut of labor market entrants in June each year. Recommendations have been made for the expansion of financial aid to support post-compulsory school attendance of young persons from low-income families--not just scholarships but income support programs. Another suggestion is that institutions of higher education give preference to those with work experience.[13]

Other proposals include the following: (1) that social security payments for youth be lowered and pension fund payments for youth be eliminated, thus acting as an incentive for hiring; (2) that income maintenance be provided for youth entering the labor market or wishing to change from their first job; (3) that earlier retirement with adequate pensions be promoted so as to open jobs for youths; and

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12. Ibid.

13. For a more detailed discussion see Country Working Papers to OECD Education Committee and Social Affairs Committee on "Entry of Young People into Working Life."

(4) that one-year sabbaticals be provided to reeducate older members of the work-force while opening jobs for young persons.[14]

Interest in work-related education for the young is matched in other countries by an interest in extending education and training opportunities for adults: "The movement in Europe--at least with respect to occupational training--is clearly toward making it a matter of right (author's emphasis) that government-assisted education be available to all adults."[15] France and Germany partially finance their education and training programs for workers by means of a payroll tax on employers. France specifically includes employment preparation for unemployed people aged 16 to 18.[16]

Countercyclical Policies

The countries of Western Europe and Canada have enacted several types of measures in response to the unemployment brought on by the recession. Some of these have been specifically focused on young workers and on the long-term unemployed. In several countries, such as Sweden, policies designed to prevent firms from laying off workers have exacerbated the unemployment problems of young workers who are entering the labor market full time.

In May 1975, France instituted a policy of paying cash grants of approximately $80 per month to young persons who were leaving school, if they would enroll in vocational training courses. In addition, a special remedial course was set up to enable students who had failed examinations in technical secondary school to have another opportunity.[17]

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14. OECD, Education and Working Life in Modern Society, Paris, 1975.

15. Willard Wirtz, The Boundless Resource (Washington: The New Republic Book Company, Inc. 1975), pp. 103-106.

16. Ibid.

17. Dominique Fleury, "Les Mesures Recentes Prises a L'Egard Du Chomage des Jeunes," Droit Social (September-October 1975).

In June 1975 the French government announced another temporary measure amounting to a wage subsidization scheme. A monthly cash award of $125 for a period of six months was given to any employer who hired a person in one of the following categories between June 15 and September 20, 1975:

- A person registered as a job seeker for more than six months;
- A person under 25 years of age looking for his or her first job;
- A young man who had completed his national military service and registered as a job seeker.

A monthly cash award of $75 for six months was subsequently awarded for each individual hired from the above categories between October 1 and November 30, 1975. The jobs had to last for a minimum of one year and had to lead to a net addition in employment (with the exception of replacement of retirees). Financing was provided for the hiring of 100,000 teenagers through these subsidies.[18]

A new vocational training scheme was also established in France for young job seekers between the ages of 16 and 25. For each youth hired and then placed in a state training center, all training costs were picked up by the state. In addition, a cash grant amounting to 30 percent of the minimum wage plus 100 percent of the minimum wage during the actual period of training (120 to 500 hours) was provided or the first six months of employment. If the training took place within the establishment, a grant of $1.50 per hour was awarded for each hour of training.[19]

Sweden initiated a program called the "Five Crowns Policy," under which young people without any technical training were drawn into the private sector by means of state subsidies given to firms that provided training for the young employees. The firms were paid approximately $1.25 (five crowns) per hour per employee hired under this program for the duration of the training. The aim of the program was to decrease teenage unemployment permanently

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18. Ibid.

19. Ibid.

by increasing the probability of the participants retaining these jobs after the training period. The degree of success of the program has not yet been determined.[20]

The British, who have been suffering from especially high rates of unemployment among the countries of Western Europe, have adopted several temporary measures to stimulate youth employment and training.[21] About $60 million was devoted to the creation of 15,000 jobs for young people in areas of high unemployment. Grants were offered by the government to local public authorities, private firms, charities, or community groups for the organization of labor-intensive projects. Wages and employers' insurance contributions were covered by the grant as well as equipment cost up to 10 percent of the wage bill. The projects were to aim at providing at least 30 worker-months of employment --such as 12 weeks for 10 workers.

From October 13, 1975 to February 29, 1976, a British employer hiring a young person for his or her first full-time job since leaving school was paid recruitment subsidies of $10 per worker per week for 26 weeks, provided that the employer did not create a vacancy by dismissing another employee. Those eligible for the program were youths under 20 who were registered as unemployed and seeking work.

Training programs in Britain have been expanded through additional allocations. Particular emphasis was placed on the training of young people. Forty million dollars has been devoted to increased individual training allowances in 1975. The thrust was to counteract the cutbacks in industry training programs during the recession, thus safeguarding the supply of skilled labor in the recovery period. The recession was also seen as a good time for unemployed workers

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20. OECD, Working Party on Employment, "Inventory of Short-Term Measures Taken in the Light of the Employment Situation," Paris, August 8, 1975.

21. The following paragraphs on British policies are based on the following sources: OECD, ibid.; and British Information Services, Policy and Reference Division, Policy Statements, various releases, 1975.

to devote their time to the acquisition of new skills. An additional $60 million has been set aside for further expansion of training in 1976-77. The 1976 target has been set at the training of 80,000 individuals through government programs and government-supported initiatives.

A small-scale program called the Wider Opportunities Scheme was operated in Britain from June 1974 to May 1975. The objective of this program was to give participants the opportunity to perform various types of work to test their capacities and interests in following a new line of work. The program was open to roughly 400 young persons and adults who were having difficulty finding and keeping a job. Adult enrollment was 12 weeks and youth enrollment 24 weeks. The program was oriented more toward counseling than training, including instruction on how to apply for a job and how to respond at an interview. The emphasis in this program was that certain basic social skills are imperative in order for specific skill training to be effective. If successful, these models may be expanded in the future.

The Community Industry Scheme was initiated in Britain in 1972 to combat high rates of youth unemployment. It was expanded several times in the recent recession. The most recent expansion was announced in November 1975, bringing the total number of positions up to 3,000 with a 1976-77 budget of $8 million. The program is aimed at socially and personally disadvantaged youth. The participants work in groups of eight to ten, under supervision of a skilled tradesman, on environmental and community projects which would otherwise not be done. Examples of their projects include the construction of playgrounds, decorating and renovating work, assisting with social surveys, and helping elderly persons with gardening. By October 1975, more than 6,000 persons had passed through the scheme and just over half of them has entered full-time employment.[22]

In June 1975, the European Community moved for the first time into the area of youth unemployment. Approximately $53 million of the Joint Social Fund was allotted to support efforts of member states dealing with unemployed youth under the age of 25. The funds were provided for programs during the second half of 1975. Belgium, France,

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22. Department of Employment (Great Britain), "Community Industry for Five More Areas," Press Release, November 26, 1975.

and Germany were allotted $2 million, $10 million and $10 million, respectively, to cover 50 percent of the cost of additional training courses for unemployed youths seeking their first jobs. Britain and The Netherlands were allotted $6.5 million and $425 thousand, respectively, to cover 50 percent of the cost of increasing the number of apprenticeships for young people who have completed their compulsory education but are unable to find jobs due to insufficient skill levels or qualification in skills for which there is no demand.[23]

In 1971 during a period in which the teenage unemployment had reached approximately 17 percent, the Canadians launched an employment program called the Opportunities for Youth Program (OYP). The program was built on the idea that students need to be employed during the summer months and could find suitable projects to work on if funding were provided. Thus, by providing resources, students' ideas and aspirations could be tested and community projects undertaken without the creation of a large bureaucracy. Projects were selected on the basis of their response to community needs in social service, information, culture or arts, environment, research, or business. The only significant restriction is that they not duplicate existing services. Some specific examples of projects are as follows: $7,500 to fund the teaching of immigrant children having trouble in elementary school; $1,220 to provide a two-person lifeguard service at a memorial park; and $13,000 for the publication of a community newspaper. Also undertaken were the building of ski trails, the establishment of summer camps for the disadvantaged, and research in mercury pollution. Through the end of the summer of 1975, more than 122,000 jobs had been created through the Opportunities for Youth Program.[24] However, funding for the OYP has recently been discontinued for budgetary reasons.[25]

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23. European Community, Social Fund Applications for 1975, (January 1976).

24. OECD, "Inventory of Short-Term Measures."

25. Discussions with staff, Canadian Embassy.

Several European countries, including France, Sweden, Belgium, Britain, and Luxembourg, have extended their unemployment insurance and assistance systems to cover youth without a history of prior employment.[26]

26. OECD, "Inventory of Short-Term Measures."

CHAPTER V

POLICY ISSUES AND OPTIONS

This chapter relates the dimensions of the teenage unemployment problem to specific policy issues and options. Different groups of unemployed teenagers are distinguished and broad kinds of policy options analyzed.

Teenage Unemployment--Not One, But Several Problems

For purposes of analysis, unemployed teenagers may be divided into two groupings: (1) those for whom unemployment is not likely to be a persistent problem in later years; and (2) those who, in the absence of policy actions, are likely to experience unemployment as a persistent, though intermittent, problem extending well into their adulthood, if not their entire working lives. In practice, the two groups of unemployed teenagers cannot be sharply distinguished. It is not feasible to predict with certainty which unemployed teenagers will have persistent unemployment problems. However, certain characteristics--such as being a member of a minority group, a high school dropout, or among the long-term unemployed--increase the chances that a particular unemployed teenager will experience unemployment as a long-term problem.

In general, the high rates of unemployment experienced by teenagers decline as the youths grow older, acquiring skill, experience, and financial responsibilities. This is true for all demographic groups. However, among the disadvantaged, unemployment rates continue at high levels for adults. The types of experiences that disadvantaged adults have in the labor market are similar to those of teenagers --frequent spells of unemployment interspersed with employment at unskilled, low-paying, and unpromising jobs, with periods of withdrawal from the labor market.

Further distinctions among unemployed teenagers may be useful. For example, unemployment may be a more serious problem for youths who are no longer in school and are seeking a full-time job, compared with youths who are engaged in a productive activity of going to school or taking

training courses. Moreover, the consequence of being unemployed are likely to be more severe if the financial resources of the family are limited.

Teenagers in the labor market, in general, experience high rates of unemployment because as a group they lack labor market skills, have fewer financial responsibilities, and face information problems--teenagers have to find out where their opportunities and interests lie and employers lack information about the potential of teenagers as employees. In addition, disadvantaged teenagers in the labor market confront such obstacles as racial discrimination, geographic and cultural isolation, and inadequate basic education.

Both cyclical and demographic factors have exacerbated the unemployment problems of teenagers in recent years. Both of these factors are now working positively to reduce teenage unemployment. However, cyclical improvement takes several years, and the proportion of teenagers in the working population will not begin to decline substantially before approximately 1980.

At least three broad and interrelated policy issues are raised by the current high levels of teenage unemployment:

- The relative emphasis to be placed on the unemployment problems of teenagers, compared to those of other groups of workers;
- The relative emphasis on the unemployment and other labor market problems of disadvantaged teenagers, compared to the problems of unemployed teenagers in general; and
- The relative emphasis on short-term policies which may produce effects within a short period of time, compared to longer-term measures for affecting teenage unemployment.

These issues should be kept in mind in evaluating the policy alternatives discussed in this chapter.

The unemployment rate alone is not the only measure of the labor market problems of teenagers. Some analysts consider unemployment to be a poor indicator of teenagers' labor market status.[1] This is partly because teenagers' attachment to the labor force tends to be relatively weak. As a result, many teenagers who would like to have and who need a job may not be actually looking and therefore are not classified as in the labor force. Moreover, many teenagers who have jobs may face more serious long-term problems in the labor market than many unemployed teenagers.

Under some circumstances, the unemployment rate for teenagers may actually be a misleading indicator. For example, it is conceivable that an effective policy might result in a larger increase in the size of the teenage labor force than in teenage employment. Hence, the teenage unemployment rate could increase even though more teenagers were working and gaining valuable experience than would have occurred without the policy.

Policy Options

Policy measures that could be used to counter teenage unemployment include:

- Special measures for focusing on the problems of disadvantaged minority, low-income, and poverty-area youths, including targeting the education and manpower programs discussed below on these groups; providing mobility assistance; and strongly enforcing equal opportunity statutes.
- Public employment and training programs;
- Increasing the demand for teenagers in the private sector;
- Providing teenagers with information about the labor market; and
- Educational policies.

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1. Paul E. Barton, "Youth Employment and Career Entry," in Seymour L. Wolfbein (ed.), Labor Market Information for Youths (Philadelphia: Temple University, 1975).

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Focusing Policies on Disadvantaged Teenagers

For disadvantaged youths, each of the policies discussed below could be specifically targeted and intensified. Many existing federal programs in education and manpower areas already focus on the problems of disadvantaged individuals. For policy purposes the following eligibility criteria might be used:

- Family income and assets;
- Residence in areas with especially high unemployment and/or low income;
- Duration of current unemployment;
- Previous history of unemployment frequency and dead-end jobs;
- Working full time, but having grossly deficient skills (frequently the case among high school dropouts).

Obviously, different groups of disadvantaged teenagers may require different types of assistance. For example, the unemployment needs of disadvantaged students may differ from those of disadvantaged youths in the full-time labor market. For some unemployed youths, geographic isolation may be a factor, and counseling and mobility assistance policies might be considered.

As discussed earlier in this report, unemployed minority youths living in low-income areas suffer from a whole confluence of negative factors which include inadequate education and racial discrimination. In addition to education, employment, and information policies, special measures may be needed to enforce equal opportunity statutes.[2]

Public Employment and Training Programs

Since the 1930s the federal government has made use of a variety of targeted employment and training programs for youth. Other industrial countries have also been experimenting with such programs.

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2. For a recent study of unemployment among nonwhites in general, see The Unemployment of Nonwhite Americans: The Effects of Alternative Policies, Background Paper No. 11, Congressional Budget Office, July 19, 1976.

Youth employment and training models vary in their emphasis on several elements:

- Type of work--conservation, environmental improvement, public service, or construction;
- Relative emphasis on education, training, and supervision;
- Group to be served--the disadvantaged or youth in general, in-school versus out-of-school youths;
- Administration and financing--the role of the federal, state, and local governments in selection of the projects, administration, and financing;
- Program costs--spending per enrollee and the number of youths served; and
- Period of enrollment--for example, summer versus year long.

In the United States, the first large-scale youth employment program was the Civilian Conservation Corps (CCC) which operated between 1933 and the early 1940s. The CCC undertook conservation projects for the federal and state governments. Much useful work was done under this program and it was quite popular, perhaps because it focused on conservation projects that did not conflict with work that would have been done anyway.

At the current time, the Youth Conservation Corps (YCC) provides summer jobs for teenagers aged 15-18. The purpose of the program is to provide an education-work experience for a cross-section of youth and to accomplish worthwhile conservation projects. The current scale of the program involves approximately 25,000 teenagers at a federal cost of approximately $32 million. In addition to the federal cost, the states provide additional matching funds. Because YCC project sites are frequently located some distance from where the participants live, the cost of the program includes expenses for housing, food, transportation, and personal services.

An evaluation of the YCC concluded that participants were generally satisfied with the program. The evaluation stated: "On the average, tenth and eleventh graders in YCC learn as much about ecology and resource management in the course of a YCC summer as they would in a typical year in school."[3]

The Young Adult Conservation Act (H.R. 10138), which recently passed the U.S. House of Representatives, expands on the YCC approach. This act provides for a year-round employment program of conservation projects for youth aged 19-24. It authorizes $50 million for a planning period, $700 million for the first year of operation, $2.1 billion the second year, $2.8 billion the third year, and $3.5 billion for the fourth year. The Congressional Budget Office estimated that the cost per enrollee man-year for the program would be $10,000. This estimate was based on a minimum wage rate of $2.30 per hour, plus 5.85 percent Social Security Tax, $50 for a physical exam, and $150 for transportation, which yields a total of approximately $5,000 per man-year. In addition, the estimate assumed that an additional 16 percent (of the $5,000) would be spent on supervision, 40 percent on general administration, and 44 percent for support costs (including materials). Although the House Committee on Education and Labor accepted the CBO cost estimate, it expressed the view that the CBO figure over-estimated administrative and supervisory costs.[4]

Under the Comprehensive Employment and Training Act (CETA), passed in 1973, there are two employment-training programs specifically for youths: the Job Corps under Title IV and the Summer Job Program under Title III. In addition, Title I of CETA, while not specifically targeted at youths, provides comprehensive manpower services, and many of the clients for these services are young workers.

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3. Jerome Johnson, et.al, An Evaluation of the 1973 Youth Conservation Corps (Ann Arbor, Michigan: Institute for Social Research, University of Michigan, 1974), pp. 57-61.

4. House Committee on Education and Labor, Youth Adult Conservation Corps Act, Report 94-1146, accompanying H.R. 10138 (May 14, 1976).

The Job Corps, which was established during the 1960s, provides intensive education, training, counseling, and work experience for disadvantaged youths. This program currently operates on a scale of approximately 20,000 service-years (annual positions), down from approximately twice that level during the late 1960s. The cost per service year, including administrative cost, is approximately $9,000 per year.[5]

The principal sources of federal help to teenagers seeking summer jobs are the Summer Job Program for youth from low-income families under Title III of CETA and the work of the National Alliance of Businessmen. The first program provides funds to local governments to employ youth part time for a nine-week period. Participants are paid the minimum wage, and the cost per summer enrollee is approximately $620. For the summer of 1976, it is estimated that this program will employ approximately 888,000 youths. The National Alliance of Businessmen relies primarily on volunteers; local business people help find summer jobs for young people

Current policy levels for the three principal manpower programs in the federal budget that are specifically for youths are indicated in Table 12. The total funding levels approximate $760 million and 138,000 full-time equivalent years of employment. The cost per year of service is relatively high for the Job Corps--estimated about $9,700 for fiscal year 1977--because of the wide range of services provided. The estimated cost per full-time year of employment for the Summer Jobs Program is about $4,600, since the program pays the minimum wage but provides very little in the way of services to participants. The Youth Conservation Corps also pays the minimum wage, but the estimated cost per year of service is relatively high due to materials purchased, on-site living arrangements, transportation costs, and administrative expenses.

In addition to the manpower programs specifically for youths, several major manpower programs under CETA serve youths as well as other groups. In general, the resources for comprehensive manpower services under Title I are allocated to local "prime sponsors" by formula, and broad

5. For a recent analysis of this program, see Sar A. Levitan and Benjamin H. Johnson, The Jobs Corps--A Social Experiment that Works (Baltimore: Johns Hopkins University Press, 1975).

discretion is left to local decision makers on how the funds are to be spent and which persons are to be served. For fiscal year 1975, an estimated 62 percent of Title I enrollees were under 22 years of age. Approximately 31 percent of

TABLE 12

FEDERAL TEENAGE EMPLOYMENT PROGRAMS, APPROXIMATE CURRENT POLICY LEVELS

Program	Approximate Outlays (million $)	Cost Per Service Year ($)	Service Years
Youth Conservation Corps[a]	32	10,000	3,200
Jobs Corps[b]	200	9,749[c]	20,515
Summer Jobs[a]	528	4,600	114,783
TOTAL	760	24,349	138,498

SOURCES: House Committee on Education and Labor, Youth Adult Conservation Corps Act, Report 94-1146, accompanying H.R. 10138, (May 14, 1976); and The Congressional Budget Office, Employment and Training Programs, Staff Working Paper, May 4, 1976.

a. Estimated outlays for summer 1976.
b. Current policy level of outlays, estimate for fiscal year 1977.
c. The cost per service year has been estimated at $8,552 for fiscal year 1975 (Employment and Training Programs); the estimate for fiscal year 1977 was obtained by applying an inflation factor of 14 percent, yielding $9,749.

Title I funds were devoted to classroom training, 8 percent to on-the-job training, 43 percent to work experience, and 18 percent to other manpower services. Approximately 21 to 24 percent of enrollees in the Public Service Employment Programs (Titles II and VI) were under 22 years of age.[6]

6. Employment and Training Report of the President (Washington: GPO, 1976), pp. 88-103.

For fiscal year 1977, the estimated current policy levels of outlays are $1.9 billion for Title I and $3.3 billion for the Public Service Employment Programs.[7]

Several small-scale programs that enroll primarily young people illustrate variations on the public service employment approach. These include the VISTA program (Volunteers in Service To America), which has relatively highly educated enrollees. There is also a pilot program sponsored by ACTION, which is called "Program for Local Service" (PLS). The PLS, which was tried in the state of Washington, enrolled a cross section of youth to provide needed public services for the disadvantaged in such fields as education and health services. The enrollees in the PLS were paid approximately the minimum wage and the administrative costs were not large. The cost of a job at the current minimum wage of $2.30 per hour for 2,000 hours would amount to approximately $4,600 per year (plus payroll taxes).

The Canadian Opportunities for Youth Program (OYP) established in 1971, is an interesting example of a public employment program that bears some similarity to the PLS approach in this country. The OYP relies heavily on local initiative and on the initiatives of the participants themselves. OYP participants organize themselves to do a range of projects which they themselves primarily have devised. The projects are then sponsored by local organizations and financed by the national government.

The cost per enrollee for the various youth employment and training programs varies widely, according to the time in the program, wage paid, amount and type of training, and whether or not food and living expenses are provided. With resources for youth programs limited, trade-offs are unavoidable. One choice pertains to the relative emphasis on summer jobs versus year-round work-education programs. Is it more effective with a given amount of funds to provide a large number of summer jobs or a smaller number of year-round opportunities which combine work experience, education, and training? Teenagers may work more effectively if they are closely supervised; but supervision also adds to costs.

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7. Congressional Budget Office, Employment and Training Programs, Staff Working Paper, May 4, 1976.

If the program cannot serve all who are interested, some selection criteria must be applied: income testing, targeting on the locations of greatest need, random selection, or first come, first served. If a program is targeted on youth in areas with the greatest need, there is a risk that it may become stigmatized. However, if it is aimed at a cross-section of youth, the resources available to deal with the most severe problems will be limited.

Major advantages of public employment and training programs are that they can be instituted rather quickly and targeted on particular groups or areas. Moreover, they can be designed to have minimal displacement effect on older workers. There are, however, substantial problems in designing and implementing effective public employment and training programs, particularly on a large scale. It is hard to develop projects that do not compete in some way with the private sector or with established government employees and that at the same time are valuable projects. Moreover, the projects may involve the use of scarce materials and of scarce supervisory labor. It is difficult to design the projects so that the skills gained are transferable to the private sector.[8]

Increasing the Demand for Teenage Labor

The demand for teenage labor can be increased directly by hiring teenagers, as in public employment programs like those discussed above, or indirectly by lowering the relative cost of teenage labor. The cost of teenage labor could be lowered in a variety of ways, each with specific implications for who pays the cost. A wage subsidy or tax credit to private sector employers for hiring and/or training teenagers would stimulate the demand for teenage labor. Alternatively, teenagers might be partially exempted from the payroll tax. Still another way of lowering the cost of teenage labor would be to extend, from the present limited form, a lower minimum wage for teenagers. These approaches might be combined. For example, instead of lowering

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8. For a recent comprehensive analysis of the U.S. experience with manpower programs, including those targeted on youths such as the Job Corps and the Neighborhood Youth Corps, see Charles R. Petty, et.al., The Impact of Government Manpower Programs, Industrial Relations Unit, The Wharton School, University of Pennsylvania (1975).

the minimum wage for teenagers, employers might be compensated for part of their expenses in hiring and training teenagers at the minimum wage, which could have approximately the same effect in stimulating the demand for teenagers as a differentially lower minimum wage.

Policies that stimulate the demand for teenage labor by lowering its costs could displace some adult workers. However, aggregate policies could be used to stimulate the demand for labor and, thus, at least partially offset these potential displacement effects. Policies that stimulate the demand for teenage labor would not lead to a corresponding, one-for-one reduction in teenage unemployment, because such policies would also stimulate some further increase in the size of the teenage labor force.

As a response to the increases in unemployment due to the recession, several countries have introduced programs to subsidize employment and training in the private sector. These programs have been focused on groups of workers hard hit by the recession, such as the long-term unemployed and teenagers. Private sector training and employment policies in the United States have been used to combat structural or long-term problems of unemployment and poverty. Examples of existing structural programs include subsidies to firms for providing on-the-job training; and in the case of welfare recipients, a tax credit to firms that hire and retain for a period of time persons who were on welfare.

Programs for countercyclical employment and training by the private sector are too recent for substantial information on their effectiveness to be available. However, several general observations can be made about wage subsidies. A wage subsidy, like other government outlays, acts as a fiscal stimulant. Unlike many other types of government outlays, however, wage subsidies contribute to reducing employers' costs and therefore have an anti-inflationary aspect. Lower costs encourage firms to produce more and to use more resources, including labor. In addition, by making one type of input less costly relative to others, a subsidy for a particular type of labor would tend to increase its use.

The private sector approach to stimulating employment and training can incorporate advantages associated with the market system. The types of output produced and the types of skills acquired are at least partly governed by consumer and other demands. As applied to employment and training,

the market system can assist in organizing the activities, and less bureaucracy may be required than if the activities were carried out in the public sector. In addition, the advantages of employment experience may be more easily transferred to nonsubsidized jobs.

On the negative side, policies to stimulate training and employment in the private sector are sometimes criticized because it is difficult to avoid paying firms for employment and training that would have been undertaken without the subsidy. This type of leakage can be reduced, but not eliminated, by having the subsidy apply to increases in employment above the level for a base period. Another way of reducing this leakage is for the manpower agency to contract with specific firms for specific training services. A drawback of the contracting technique is that it can involve substantial administrative burdens for both the public and private sectors. Finally, a subsidy for one group of workers, such as teenagers, could encourage employers to substitute teenagers for other workers--a criticism that applies especially in periods of high unemployment.

Providing Information about the Job Market

This approach can help mitigate teenage unemployment associated with the transition from school to career-type jobs. The approach can include several facets extending from early in the educational process to more and better information for teenagers who have finished schooling and entered the labor market. In particular, the following kinds of policies may mitigate transition-related unemployment:

- Career education designed to inform students from an early age about career alternatives;
- Work-study arrangements particularly as the students near the completion of their schooling;
- Efforts to place graduating students in the job market before they leave school;
- Special efforts by the U.S. Employment Service to provide information on job opportunities to teenagers who have entered the labor force full time.

These policies also have potential disadvantages: for example, the first three attempt to focus more of the teenager's attention and energy on the labor market and could result in diminished performance in more traditional academic

areas Moreover, policies which heighten students' interest in the job market could actually increase unemployment to the extent that they stimulate an increase in labor market activity by teenagers.

The U.S. Employment Service, through a cooperative system involving state governments with many local offices throughout the country, serves as an employment exchange. In general, the activities of the service are not specifically aimed at the youth population. However, it has maintained a limited program, called the "Employment Service Cooperative Program," that has the specific function of helping high school graduates find their first post-school jobs. In addition, in fiscal year 1975, about 40 percent of workers placed through the U.S. Employment Service were under 22 years of age.[9] Federal outlays for the Employment Service were approximately $482 million in that year.[10]

Educational Policies

Two broad types of educational policies might reduce teenage unemployment: policies which increase the enrollment of teenagers in education and training institutions and policies which promote better quality education, especially for students who othewise might fail to learn basic skills.

Policies which increase enrollments of teenagers in educational institutions may have the short-term effect of reducing the size of the teenage labor force, thereby reducing teenage unemployment. This outcome is not certain, however, because of student interest in part-time and summer jobs. The long-term effects of educational policies could lower unemployment if they result in a higher proportion of youths acquiring minimally adequate preparation for entry into the labor market.

However, policies which increase enrollments in education and training programs, as a method for lowering teenage unemployment, entail some risks. For example, if the content of the program is not meaningful to participants,

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9. Employment and Training Report of the President (Washington: GPO, 1976), p. 346.

10. The Budget of the United States Government Fiscal Year 1977 (Washington: GPO, 1976), p. 117.

or if the program does not improve their job prospects later, the program may not only waste resources but produce a negative effect on the productivity of participants by adding to their disillusionment and frustration. Another type of negative effect could occur if the program distorts the goals and operating procedures of the educational institutions.

For some teenagers, emphasis on academic, college-oriented subjects in the secondary schools may simply result in inadequate job preparation. While it may be desirable to preserve the option of a college education, including adult education, as long as possible, more basic education and training may be important for youths who are not currently interested in college. Teenagers who decide late in high school that they will not or cannot attend college may need opportunities to learn skills more directly related to the job market.

Major existing federal programs at the level of elementary and secondary education include the Title I Program under the Elementary and Secondary Education Act which provides grants to school districts for supplementary services for disadvantaged students, and a categorical grants program to states to support vocational education activities. The approximate level of outlays for these programs for fiscal year 1977 (based on a current policy budget) are $2.0 billion and $0.7 billion, respectively.[11]

At the higher education level, several federal programs are intended to expand enrollment possibilities for students from low- and moderate-income families. These include the Basic Educational Opportunity Grants (BEOG) Program which provides aid to students on the basis of their families' capacity to pay and on college costs, various loan and loan guarantee programs, and the College Work-Study Program which supports institutionally administered subsidies for student employment.[12]

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11. Congressional Budget Office, Budget Options for Fiscal Year 1977: A Report to the Senate and House Committees on the Budget (1976).

12. Ibid., pp. 233-237.

Other federal instruments for the support of post-secondary education and training have been the various GI Bills. These programs have subsidized education and training on a large scale for youths in the United States (though not primarily for teenagers). Veterans who have qualified for these programs have been allowed broad discretion as to the type of education and the type of providing institution. Thus, the GI Bill approach provides an example of a large-scale entitlement or voucher system in which participants have a large element of choice.[13]

13. For a survey of the GI Bill, see I.N. Rashkow, The GI Bill: 1944-1974, Congressional Research Service, Library of Congress, Washington, D.C., December 3, 1975.

STATISTICAL APPENDIX

ON

TEENAGE UNEMPLOYMENT

(83)

TABLE 1

NUMBER OF TEENAGERS AGED 16-19 AND TEENAGERS AS PERCENT OF POPULATION AGED 16-64 1954 to 1975, AND PROJECTED 1976 to 1985

Year	Number (Millions)	Teenagers as Percent of Population
1954	8.7	8.9
1955	8.8	9.0
1956	9.0	9.1
1957	9.2	9.2
1958	9.5	9.5
1959	10.1	9.9
1960	10.6	10.3
1961	11.0	10.5
1962	11.1	10.6
1963	11.9	11.1
1964	12.6	11.6
1965	13.4	12.1
1966	14.0	12.5
1967	14.1	12.3
1968	14.2	12.2
1969	14.5	12.3
1970	14.9	12.4
1971	15.3	12.6
1972	15.8	12.6
1973	16.1	12.7
1974	16.4	12.7
1975	16.6	12.7
1976	16.9	12.4
1977	16.9	12.3
1978	16.8	12.0
1979	16.6	11.8
1980	16.4	11.4
1981	16.0	11.0
1982	15.5	10.6
1983	14.9	10.1
1984	14.3	9.6
1985	14.2	9.5

SOURCE: Bureau of the Census, from the Data Resources, Inc., data bank.

TABLE 2

YOUTH UNEMPLOYMENT AS A PERCENT OF TOTAL UNEMPLOYMENT IN THE U.S. 1948 to 1975

Year	Age 16-19	Age 20-24	Age 16-24
1948	17.8	20.0	37.8
1949	15.7	18.3	34.0
1950	15.8	17.4	33.2
1951	16.3	13.3	29.6
1952	18.2	14.3	32.4
1953	16.9	13.8	30.7
1954	14.3	14.1	28.4
1955	16.0	14.0	30.0
1956	17.2	14.4	31.5
1957	17.2	14.9	32.2
1958	14.7	15.1	29.8
1959	17.6	14.6	32.2
1960	18.4	15.0	33.5
1961	17.5	15.3	32.9
1962	18.6	16.2	34.8
1963	21.7	16.2	38.0
1964	23.1	17.5	40.6
1965	26.2	16.6	42.8
1966	29.0	15.5	44.5
1967	28.1	17.2	45.4
1968	29.6	19.4	49.0
1969	30.0	19.8	49.8
1970	26.8	21.0	47.8
1971	25.2	22.4	47.6
1972	26.9	23.1	50.0
1973	28.5	22.9	51.4
1974	27.6	23.1	50.7
1975	22.3	23.2	45.5

SOURCE: Bureau of Labor Statistics, from the Data Resources, Inc., data bank.

TABLE 3

RATIO OF TEENAGE (AGED 16-19) EMPLOYMENT TO TEENAGE POPULATION 1954-1975

Year	All Races (Percent)	White (Percent)	Nonwhite (Percent)
1954	40.2	43.0	38.0
1955	41.3	44.2	38.9
1956	42.7	46.1	39.8
1957	41.2	45.0	36.7
1958	37.7	41.1	32.0
1959	38.1	41.2	30.6
1960	38.9	41.4	33.8
1961	37.4	40.0	31.6
1962	37.6	40.3	32.1
1963	35.8	38.6	29.1
1964	35.8	38.3	29.5
1965	37.6	40.2	29.3
1966	40.6	43.5	31.3
1967	40.3	42.7	31.1
1968	40.6	43.8	31.4
1969	42.1	45.2	31.9
1970	41.2	44.5	28.9
1971	40.4	43.8	25.8
1972	42.5	46.4	25.7
1973	44.8	48.9	28.0
1974	45.1	49.4	27.9
1975	42.3	46.6	24.7

SOURCE: Bureau of Labor Statistics, and Data Resources, Inc., data bank.

TABLE 4

TEENAGE EMPLOYMENT AS A PERCENT
OF TOTAL EMPLOYMENT, 1954-1975

Year	All Races (Percent)	White (Percent)	Nonwhite (Percent)
1954	5.8	5.1	0.66
1955	5.8	5.2	0.67
1956	6.0	5.3	0.68
1957	5.9	5.3	0.63
1958	5.7	5.1	0.58
1959	5.9	5.4	0.56
1960	6.3	5.6	0.65
1961	6.2	5.6	0.63
1962	6.3	5.7	0.63
1963	6.3	5.7	0.60
1964	6.5	5.9	0.64
1965	7.1	6.4	0.66
1966	7.8	7.1	0.74
1967	7.6	6.9	0.76
1968	7.6	6.8	0.77
1969	7.8	7.1	0.78
1970	7.8	7.1	0.73
1971	7.8	7.2	0.67
1972	8.2	7.5	0.69
1973	8.6	7.8	0.75
1974	8.6	7.9	0.74
1975	8.3	7.6	0.70

SOURCE: Bureau of Labor Statistics, from the Data Resources Incorporated data bank.

TABLE 5

THE EMPLOYMENT STATUS
OF YOUTH, AGE 16-24
1975 (THOUSANDS)

Age	Unemployed	Employed Part-Time for Economic Reasons	Discouraged Workers[a]
16-19	1,752	680	137
16-17	789	266	
18-19	963	414	
20-24	1,828	701	144
Total All Ages	7,830	3,748	854

SOURCE: Bureau of Labor Statistics, Employment and Earnings, January 1976.

a. Persons who state that they want work but are not looking for work because they believe they can't get a job due to job-market factors.

TABLE 6

YOUTH UNEMPLOYMENT RATES
BY AGE AND FULL- AND PART-TIME STATUS
1975 AND 1973

	Part- and Full-Time	Full-Time	Part-Time
1975			
16-19 years	19.9	21.7	17.7
16-17	21.4	25.9	19.3
18-19	18.9	20.4	15.1
20-24 years	13.6	13.8	12.2
1973			
16-19 years	14.5	14.5	14.5
16-17	17.3	19.1	16.4
18-19	12.4	12.8	11.2
20-24 years	7.8	7.7	8.2

SOURCE: Bureau of Labor Statistics, Employment and Earnings, January 1974 and January 1976.

TABLE 7

TEENAGE UNEMPLOYMENT RATES
BY AGE, SEX AND RACE
1975 AND 1973

	Males			Females		
	Age 16-19	Age 16-17	Age 18-19	Age 16-19	Age 16-17	Age 18-19
1975						
All Races	20.1	21.6	19.0	19.7	21.2	18.7
White	18.3	19.7	17.2	17.4	19.2	16.1
Nonwhite	35.4	39.4	32.9	38.5	38.9	38.3
1973						
All Races	13.9	17.0	11.4	15.2	17.7	13.5
White	12.3	15.1	10.0	13.0	15.7	10.9
Nonwhite	26.9	34.4	22.1	34.5	36.5	33.3

SOURCE: Bureau of Labor Statistics, Employment and Earnings, January issues, 1974 and 1976.

TABLE 8

TEENAGE UNEMPLOYMENT (AGE 16-19)
BY HOUSEHOLD STATUS, 1975

	Unemployed Males		Unemployed Females	
	(Numbers in thousands)	Percent of Labor Force	(Numbers in thousands)	Percent of Labor Force
Household Heads	40	12.7	22	16.4
Living with relative	26	11.9	11	28.9
Not living with relative	14	14.5	11	11.4
Relative of Head	899	20.7	650	19.4
Wife of Head			93	22.0
Non-Relative of Head	18	17.0	31	23.2

SOURCE: Bureau of Labor Statistics, Unpublished data based on the Current Population Household Survey.

TABLE 9

UNEMPLOYMENT RATES, 16-19 YEAR OLDS AND TOTAL, BY STATE 1974 ANNUAL AVERAGES

State	(1) Total	(2) 16-19	(3) Difference (2) - (1)	(4) Ratio (2)÷(1)
Alabama	5.5	19.8	14.3	3.6
California	7.3	19.2	11.9	2.6
Connecticut	6.1	14.2	8.1	2.3
Florida	6.2	17.9	11.7	2.9
Georgia	5.2	16.0	10.8	3.1
Indiana	5.2	16.3	11.1	3.1
Kentucky	4.5	10.0	5.5	2.2
Louisiana	7.1	26.9	19.8	3.8
Maryland	4.7	18.5	13.8	3.9
Massachusetts	7.2	15.9	8.7	2.2
Minnesota	4.3	12.1	7.8	2.8
Missouri	4.6	14.2	9.6	3.1
New Jersey	6.3	17.6	11.3	2.8
New York	6.4	18.8	12.4	2.9
North Carolina	4.5	16.5	12.0	3.7
Ohio	4.8	14.5	9.7	3.0
Oklahoma	4.4	13.9	9.5	3.2
Oregon	7.5	18.1	10.6	2.4
Pennsylvania	5.1	16.3	11.2	3.2
South Carolina	5.9	16.7	10.8	2.8
Tennessee	5.1	17.0	11.9	3.3
Texas	4.3	13.9	9.6	3.2
Virginia	4.5	16.7	12.2	3.7
Washington	7.2	17.4	10.2	2.4
Wisconsin	4.5	12.3	7.8	2.7

SOURCE: Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment, 1974, Report 452 (1976); and unpublished data.

TABLE 10

INCIDENCE OF POVERTY
AMONG UNEMPLOYED TEENAGERS
BY SCHOOL ENROLLMENT STATUS

	Percent of Unemployed With Incomes Below the Poverty Level[a]
All Races	
In school	8.6
Other	25.4
White	
In school	6.1
Other	15.5
Nonwhite	
In school	21.7
Other	48.9

SOURCE: Bureau of Census, Characteristics of the Low-Income Propulation: 1973, Washington: GPO, 1975.

a. Unemployed as of March 1974, by income of the family unit in 1973; Census Bureau's definition of "low income" or "poverty."

TABLE 11

LABOR FORCE STATUS OF BLACK YOUTH BY RESIDENCE, 1974

Location of Residence	Age 16-19		Age 20-24	
	Males	Females	Males	Females
Labor Force Participation Rates:[a]				
Metropolitan Areas	43.7	28.9	78.2	56.5
Central City	40.8	26.3	76.6	56.4
Suburbs	51.3	38.7	82.8	56.9
Nonmetropolitan Areas	44.3	26.4	82.8	55.1
All Areas	43.9	28.3	79.5	56.3
Unemployment Rates (Percent):				
Metropolitan Areas	36.9	36.8	18.0	15.9
Central City	37.7	37.1	16.4	17.6
Suburbs	35.3	NA	22.8	11.3
Nonmetropolitan Areas	24.1	NA	14.5	22.5
All Areas	33.1	34.9	17.0	17.2

SOURCE: Bureau of Census, Social and Economic Characteristics of the Metropolitan and Nonmetropolitan Population: 1974 and 1970, 1975, Table 11.

a. Labor force as a percent of population.

Table 12 Unemployment Rates by Age and Sex, 9 Countries, Selected Years 1968-74
(Adjusted to U.S. Concepts)
(percent of civilian labor force)

Sex and Age	United States			Australia			Canada			France 1/	
	1968	1970	1974	1968	1970	1974	1968	1970	1974	1968	1970
Both Sexes											
All working ages	3.6	4.9	5.6	1.5	1.4	2.3	4.8	5.9	5.4	2.6	2.5
Teenagers 2/	12.7	15.3	16.0	4.2	3.9	6.9	11.3	14.3	12.2	7.6	7.0
20 to 24 years	5.8	8.2	9.0	1.9	1.6	3.2	6.3	8.3	8.3	3.7	3.7
25 to 54 years	2.3	3.4	3.8	1.0	1.0	1.5	3.6	4.3	3.8	1.9	1.8
55 years and over	2.2	2.8	2.9	.7	.7	.8	4.2	4.9	3.9	2.2	2.5
Male											
All working ages	2.9	4.4	4.8	1.1	1.0	1.8	5.5	6.6	5.7	1.9	1.6
Teenagers 2/	11.6	15.0	15.5	3.6	3.7	6.1	13.5	16.2	13.5	6.5	5.3
20 to 24 years	5.1	8.4	8.7	1.5	1.2	2.9	7.7	10.5	9.4	3.0	2.9
25 to 54 years	1.7	2.8	3.1	.7	.6	1.1	4.1	4.8	4.0	1.2	.9
55 years and over	2.1	2.9	2.7	3/	3/	3/	5.0	5.5	4.3	2.2	2.4
Female											
All working ages	4.8	5.9	6.7	2.6	2.2	3.2	3.5	4.5	4.9	3.7	3.9
Teenagers 2/	14.0	15.1	16.5	4.8	4.2	7.7	8.6	11.7	10.4	8.9	9.2
20 to 24 years	6.7	7.9	9.5	2.6	2.1	3.8	4.2	5.1	6.6	4.3	4.5
25 to 54 years	3.4	4.5	4.9	2.1	1.8	2.1	2.2	2.9	3.4	3.3	3.4
55 years and over	2.3	2.8	3.3	3/	3/	3/	3/	3/	3/	2.2	2.7

Footnotes on following page.

Table 12 Unemployment Rates by Age and Sex, 9 Countries, Selected Years 1968-74--Continued
(Adjusted to U.S. Concepts)
(percent of civilian labor force)

Sex and Age	Germany 4/			Great Britain	Italy			Japan			Sweden		
	1968	1970	1973	1971	1968	1970	1972	1968	1970	1974	1968	1970	1974
Both sexes													
All working ages	1.5	.6	.7	3.8	3.9	3.5	4.0	1.2	1.2	1.4	2.2	1.5	2.0
Teenagers 2/	3.8	2.0	1.8	7.0	13.6	12.9	18.4	2.3	2.0	2.6	5.6	4.5	6.8
20 to 24 years	1.4	.7	.8	4.8	10.1	9.6	11.4	1.8	2.0	2.2	3.2	2.2	3.4
25 to 54 years	1.1	.5	.5	3.3	2.2	1.8	1.9	1.0	.9	1.1	1.7	1.1	1.3
55 years and over	1.6	.5	.8	3.6	1.4	.9	.9	1.2	.9	1.5	2.1	1.7	2.0
Male													
All working ages	1.3	.5	.6	3.9	3.6	3.1	3.7	1.2	1.2	1.4	2.3	1.4	1.7
Teenagers 2/	3.7	1.6	1.7	7.3	13.7	13.2	19.1	2.6	2.7	3.2	5.8	3.6	6.0
20 to 24 years	1.3	.6	.7	4.8	10.1	9.4	11.7	1.8	1.9	2.1	3.3	2.1	2.8
25 to 54 years	.9	.4	.4	3.2	2.2	1.8	1.9	1.0	.9	1.1	1.7	.9	1.1
55 years and over	1.6	.5	.8	4.4	1.6	1.1	1.0	1.5	1.4	2.0	2.6	1.7	2.1
Female													
All working ages	1.8	.8	.9	3.6	4.5	4.3	4.9	1.2	1.1	1.3	2.1	1.7	2.4
Teenagers 2/	4.0	2.4	1.8	6.6	13.0	12.5	17.2	2.0	1.3	2.1	6.6	5.4	8.0
20 to 24 years	1.6	.7	.9	4.7	9.9	9.8	10.8	1.8	2.2	2.2	2.9	2.4	4.0
25 to 54 years	1.4	.7	.8	3.4	2.2	1.8	1.8	.9	.9	1.3	1.6	1.3	1.6
55 years and over	1.5	.5	1.0	2.0	.3	.4	.4	.8	3/	.7	1.2	1.6	2.3

1/ French data are for March of each year.
2/ 14-19 year-olds in Italy; 15-19 year-olds in Australia, Canada, Germany, Great Britain, and Japan; 16-19 year-olds in United States, France, and Sweden.
3/ Not statistically significant.
4/ German data are for April 1968 and 1970 and May 1973.
SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology.

TABLE 13

RATIO OF YOUTH TO ADULT UNEMPLOYMENT RATE[a] IN NINE COUNTRIES, 1968, 1970, AND 1972-74

Country	1968[b]			1970[c]			1972-74[d]		
	Both Sexes	Male	Female	Both Sexes	Male	Female	Both Sexes	Male	Female
Australia	4.2	5.1	2.3	3.9	6.2	2.3	4.6	5.5	3.7
Canada	3.1	3.3	3.9	3.3	3.4	4.0	3.2	3.4	3.1
France	4.0	5.4	2.7	3.9	5.9	2.7	e	e	e
Germany	3.5	4.1	2.9	4.0	4.0	3.4	3.6	4.3	2.3
Italy	6.2	6.2	5.9	7.2	7.3	6.9	9.7	10.1	9.6
Japan	2.3	2.6	2.2	2.2	3.0	1.4	2.4	2.9	1.6
Sweden	3.3	3.4	4.1	4.1	4.0	4.2	5.2	5.5	5.0
United Kingdom[f]	e	3	3	2.1	2.3	1.9	e	e	e
United States	5.5	6.8	4.1	4.5	5.4	3.4	4.2	5.0	3.4

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, Office of Productivity and Technology.

a. Ratio of teenage unemployment rate to unemployment rate for 25 to 54 year-olds. Ratios are calculated from data adjusted to international concepts.

b. March 1968 for France; April 1968 for Germany.

c. March 1970 for France; April 1970 for Germany; 1971 for Great Britain

d. 1974 for Australia, Canada, Japan, Sweden and the United States; May 1973 for Germany; 1972 for Italy.

e. Not available.

f. Great Britain.

TABLE 14

AGE AT WHICH COMPULSORY EDUCATION BEGINS AND ENDS[a]
SELECTED COUNTRIES
(SITUATION AT BEGINNING OF 1974)

	Begins On Reaching Age	Terminates On Reaching Age	Duration (In Years)
Australia	6	15-16	9-10
Austria	6	15	9
Belgium	6	14	8
Canada	6	15-16	9-10
Denmark[b]	7	16	9
France	6	16	10
Germany	6	15[c]	9
Greece	5.5	11.5	6
Italy	6	14	8
Japan	6	15	9
Luxembourg	6	15	9
Netherlands	6	15	9
Sweden	7	16	9
Switzerland	6-7	14-16	8-9[d]
U.K.[b]	5	16	11
USA	7	16[a]	10[e]

SOURCE: Educational Statistical Yearbook, Vol. 1, International Tables, OECD, Paris, 1974.

a. In some countries the leaving age is not uniform for the country as a whole, and in these cases an age range is shown. In the USA the leaving age also varies between states but 16 is the most common age.

b. The rise in leaving age occurred in 1972 (from 14 to 16 in Denmark and from 15 to 16 in the United Kingdom).

c. In Germany, part-time education is compulsory until age 18.

d. In some communes, ten years are compulsory.

e. Full-time compulsory education ends after completion of ten years schooling.

TABLE 15

FULL-TIME SCHOOL ENROLLMENT RATES FOR YOUTH AGED 15-25
SELECTED COUNTRIES

(PERCENT OF POPULATION AT SELECTED
AGES ENROLLED IN SCHOOL)

	Age 15	Age 18	Age 21	Age 25
Australia (1971)	81.5	23.6	n.a.	n.a.
Belgium (1966)	75.1	33.2	13.0	n.a.
Canada[a] (1970)	98.0	45.8	21.0	4.3
Denmark (1970)	85.2	23.2	14.8	9.5
France (1970)	80.5	29.1	15.6	6.9
Germany[b] (1969)	54.9	15.7	9.5	5.8
Italy (1966)	42.1	20.2	7.0	n.a.
Japan (1970)	83.8	29.9	13.7	0.2
Netherlands (1970)	79.7	28.4	11.1	4.6
Sweden[c] (1972)	96.7	40.8	17.9	9.6
U.K. (1970)	73.0	17.6	n.a.	n.a.
USA[d] (1970)	97.7	53.8	28.3	n.a.

SOURCE: Educational Statistics Yearbook, Volume I. International Tables, OECD, Paris 1974, pp. 29-30.

a. Excludes enrollment in trade schools and schools for the handicapped.

b. Excludes part-time compulsory vocational schools; higher education numbers are full- and part-time.

c. Excludes enrollment in special schools.

d. For ages 15-18, includes small number of part-time students in higher education.

TABLE 16

LABOR FORCE PARTICIPATION RATES BY AGE GROUPS IN SELECTED COUNTRIES

	Germany	France	Italy	Netherlands	Belgium	United Kingdom	United States
1960							
Age 14-19	71.2	46.0	55.1	50.7	36.7	NA	37.1
Age 20-24	80.8	79.9	62.3	69.3	68.2	NA	60.2
Age 25-29	73.9	71.8	64.9	60.6	67.8	NA	NA
1968							
Age 14-19	49.6	35.3	37.8	34.1	23.3	NA	37.5
Age 20-24	75.9	74.1	59.4	71.5	67.1	NA	58.9
Age 25-29	71.3	75.0	61.8	62.6	70.9	NA	NA
1973							
Age 14-19	38.4	22.8	24.0	23.7	20.4	35.7	42.1
Age 20-24	74.2	73.7	54.3	67.1	67.7	74.3	69.1
Age 25-29	72.4	77.9	59.8	61.3	76.4	70.4	NA

SOURCE: Statistical Office of the European Community, Social Statistics, Vol. 1, (Luxenbourg, 1975); U.S. Department of Labor, Bureau of Statistics.

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